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REGIONAL TRANSPORTATION AUTHORITY

STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

**Interim Report No.3
ENVIRONMENTAL SCAN**

submitted by
**Transportation Consulting Division
BOOZ - ALLEN & HAMILTON INC.**
in association with
McDonough Associates, Inc.
and
Mundie & Associates, Inc.

NOVEMBER 1985

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TABLE OF CONTENTS

PAGE

INTRODUCTION	1
1. REGIONAL TRANSPORTATION ENVIRONMENT	
1.1 Demographic and Employment Trends	
Introduction	4
1980 Census Population Data	5
1980 Census Employment Data	7
Population and Employment Outlook	12
Future Growth Scenarios	16
1.2 Urban Transportation Trends	
1980 Census Journey-to-Work Data	20
Chicago CBD Cordon Counts	26
RTA Ridership Trends	30
1.3 Management and Investment Trends	
Long-Term Plans and Concepts	31
RTA Reorganization Summary	33
Transportation Investment Plans	38
2. PUBLIC TRANSPORTATION ENVIRONMENT	
2.1 RTA as a Unit of Service	
Organization	41
Budget	42

T A B L E O F C O N T E N T S (Continued)

PAGE

2.2 CTA Environment

Overview	43
Organization	44
Service Description	45
Financial Performance	46
Fare Policy	49
Employment Characteristics	53
Service and Ridership Levels	54
Performance Trends	55
Labor Conditions	63

2.3 CRD Environment

Overview	65
Organization	66
Service Description	67
Fare Policy	68
Financial Performance	73
Service and Ridership Levels	79
Performance Trends	81
Commuter Rail Expenses	85

2.4 SBD Environment

Overview	86
Organization	88
Service Description	89
Fare Policy	91
Financial Performance	92
Vehicle Fleet and Employment Characteristics	97
Service and Ridership	98
Performance Trends	102
Fixed-Route Service Evaluation	108
Labor Cost Data	111

T A B L E O F C O N T E N T S (Continued)

	<u>PAGE</u>
2.5 RTA Environment	
Financial Performance Scenarios	112
Service and Ridership Levels	113
Financial Performance	114
Performance Trends - Revenue per Passenger and Passenger Mile	118
Revenue Sources	119
Sales Tax Revenue	120
Uses of Revenues	121
3. ISSUES	
3.1 Issues Identified by Strategic Planning Committee	122
3.2 Issues Identified by Technical and External Advisory Committee	123
3.3 Issues Supported by Financial Analysis	125
4. STRATEGIC OPTIONS	
4.1 RTA Mission Statement	131
4.2 Goal Setting	
Generic Options and Priority Issues	132
Option Evaluation System	133

L I S T O F E X H I B I T S

EXHIBIT NO.		FACING PAGE
1-1	Regional Population Shifts: 1970-1980	5
1-2	Population Trends - Nationwide	6
1-3	Comparative Employment Growth Rates by Job Category	7
1-4	1980-2000 Annual Employment Growth Rates by NPA and Chase Econometrics	8
1-5	Job Category Trends in Illinois appears on	9
1-6	Chicago Metropolitan Area Labor Market Changes	10
1-7	Profile of Chicago Population and Employment Characteristics	11
1-8	Employment by County - Total Six County RTA Region	12
1-9	Population and Employment Growth: 1970-2000 (NPA Forecasts by County)	13
1-10	Employment Trend by Job Category (Regionwide and Two Largest Counties	14
1-11	Employment Trend by Job Category (Collar Counties)	15
1-12	Change in Home to Work Trip Patterns	20
1-13	Regional Mode Split - City, Suburb, Total	21
1-14	Origins of Work Trips to Downtown, 1980 Journey-to-Work Data	22
1-15	Journey-to-Work Travel Trends Transit Mode Split: 1970-1980	23
1-16	Travel Market by Mode	27
1-17	Downtown Cordon Market Share Trends, 1980-1984	28
1-18	Percent Variation of Each Mode from Its Average Downtown Market Share, 1974-1984	29
1-19	RTA Ridership Profile	30
1-20	Year 2000 Highway System appears on	39
1-21	Deficiencies in Arterial Roadway Capacity	40

L I S T O F E X H I B I T S (Continued)

EXHIBIT NO.		FACING PAGE
2- 1	RTA Functional Organization Chart - October 1985	41
2- 2	RTA Budget Levels	42
2- 3	Organization Chart	44
2- 4	CTA Service Map	45
2- 5	Five Year Financial Summary	46
2- 6	CTA Fare Policy Since October 1981	49
2- 7	Five Year Employment Summary - CTA	53
2- 8	Five Year Service and Ridership Summary - CTA	54
2- 9	Historical Trend - System Revenue to Cost Ratio	56
2-10	Historical Trend - Cost Per Passenger	57
2-11	Historical Trend - Cost Per Vehicle Mile	58
2-12	Historical Trend - Revenue Per Vehicle Mile	59
2-13	Historical Trend - Passengers Per Vehicle Mile	60
2-14	Historical Trend - Revenue Miles Per Vehicle	61
2-15	Historical Trend - Vehicle Miles Per Employee	62
2-16	Change in Top Operator Wage Rate and Increase 1979-1984	63
2-17	Current Metra Organization	66
2-18	Metra/Metropolitan Rail System	67
2-19	Current Commuter Rail Line Profiles	67
2-20	Metra System Fare Zones and Present and Proposed Monthly Ticket Prices	67
2-21	CRD Fare Changes from 1980-1985 (Based on Regular One-Way Fare)	68
		69

L I S T O F E X H I B I T S (Continued)

EXHIBIT NO.		FACING PAGE
2-22	Financial Summary for Calendar Years 1980-1985, CRD	73
2-23	Historical Trend - Systems Revenues and Costs, CRD	73
2-24	System Cost & Revenue per Passenger and Cost & Revenue per Passenger Mile, CRD	74
2-25	Individual Carrier Financial Summaries for Calendar Years 1980-1985, CRD	75
2-26	Carrier System Expenses and Revenues, CRD	76
2-27	Carrier System Recovery Ratio, CRD	78
2-28	Five-Year Service Summary, CRD	79
2-29	System Passenger Trips and Passenger Miles, CRD	80
2-30	Historical Trend - System Revenue to Cost Ratio, CRD	81
2-31	System Cost & Revenue per Car Mile, CRD	82
2-32	System Passengers per Car Mile and Passenger Miles per Car Mile, CRD	83
2-33	PACE Organization Chart	88
2-34	PACE Carrier Locations	89
2-35	PACE Carriers following	89
2-36	Outer Suburban Service Area	90
2-37	SBD Fare Structure for Funded Carriers	91
2-38	Five-Year Financial Data Summary - SBD	92
2-39	Cost Recovery	93
2-40	Suburban Bus Expense Profile	94

L I S T O F E X H I B I T S (Continued)

EXHIBIT NO.		FACING PAGE
2-41	SBD Deficit Growth	95
2-42	Vehicle Fleet Characteristics, SBD	97
2-43	Suburban Bus Annual Calendar Year Ridership	99
2-44	Changes in SBD Ridership	100
2-45	SBD Ridership by Carrier Type following	100
2-46	SBD Service Level Statistics	101
2-47	Cost per Passenger	102
2-48	Cost per Mile	103
2-49	Miles per Employee, Funded Carriers	104
2-50	Revenue per Mile	105
2-51	Passengers per Mile	106
2-52	Revenue per Vehicle	107
2-53	PACE Route Evaluation Standards	109
2-54	System Ridership and Service Performance	113
2-55	RTA Five-Year Financial Summary	114
2-56	RTA System Recovery Ratio by Service Board	115
2-57	RTA Cost per Vehicle Mile and Revenue per Vehicle Mile	116
2-58	RTA Cost per Passenger and Cost per Passenger Mile	117
2-59	RTA Revenue per Passenger and Revenue per Passenger Mile	118
2-60	Source of RTA Revenues - 1985 Systemwide Estimate appears on	119

L I S T O F E X H I B I T S (Continued)

EXHIBIT NO.		FACING PAGE
2-61	RTA Formula Sales Tax Proceeds, Non-Cook County and Cook County	120
2-62	Use of RTA Revenues - 1985 Systemwide Estimate	121
3- 1	Issue Ranking: Responses by Strategic Planning Committee	122
3- 2	Relationship between Selected and Related Issues	122
3- 3	Financial Scenario No. 1, 5 Percent Increase in Operating Expenses	128
3- 4	Financial Scenario No. 2, 3 Percent Increase in Operating Expenses	128
4- 1	Strategic Option/Investments Related to Ten Priority Issues	132
4- 2	Option Evaluation System	133

INTRODUCTION

This report is one of a series of reports developed as part of the Regional Transportation Authority Strategic Plan and Capital Investment Plan - - earlier reports have included:

- Strategic Planning Process Methodology
- Identification of Issues
- Strategic Planning Analytical Framework
- Capital Investment Plan Process.

The Environmental Scan and RTA Mission Report is presented in four sections:

1. Regional Transportation Environment - A description of the population and employment trends in the six-county region, and a description of overall urban transportation trends and regional transportation investment plans.
2. Public Transportation Environment - A description of recent trends of the three service boards describing the ridership, financial and operational characteristics of the RTA.

3. Issues - A description of issues faced by the region, the RTA Strategic Planning Committee, and the three service boards as:

- Defined by the Strategic Planning Committee
- Defined by the Technical and External Advisory Committees
- Suggested by extrapolation of key financial and ridership.

4. Strategic Perspective - A presentation of the summary threats and opportunities suggested by the environmental scan, the issues of concern to the region and its public transportation community, and an agenda for change:

- A statement of the RTA mission for consideration; and
- An investment perspective for analyzing strategic options.

A companion report is the Bedrock Capital Inventory (Interim Report No. 5) - a starting point for the definition of the region's infrastructure replacement and rehabilitation requirements.

- The bedrock inventory describes the fixed asset inventory of the existing physical plant, equipment and rolling stock for the RTA and three service boards.

- The bedrock fixed asset inventory will be refined as the project progresses but, by definition, includes existing assets and only those additions that have been funded and approved for construction.

- A summary capital expenditure plan is presented as the costs for rehabilitation and repair of the public transportation infrastructure that will serve several purposes:

- Provide an estimate of the financial requirements to support a modernization program for the existing (and committed) infrastructure; and
- Provide a point of departure for comparing alternative investment strategies.

1. REGIONAL TRANSPORTATION ENVIRONMENT

1.1 Demographic and Employment Trends . . . Introduction

THIS SECTION PRESENTS AN OVERVIEW OF THE REGIONAL TRANSPORTATION ENVIRONMENT

- Demographic and employment trends, including U.S. Census data and NPA projections;
- Overall transportation trends, particularly with respect to mode share and pattern changes over the 1970-1980 decade; and
- A brief review of the RTA reorganization impacts on transit in the region and a description of investment plans for the region as indicated in the EATS Year 2000 Plan.

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EXHIBIT 1-1
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
Regional Population Shifts: 1970-1980

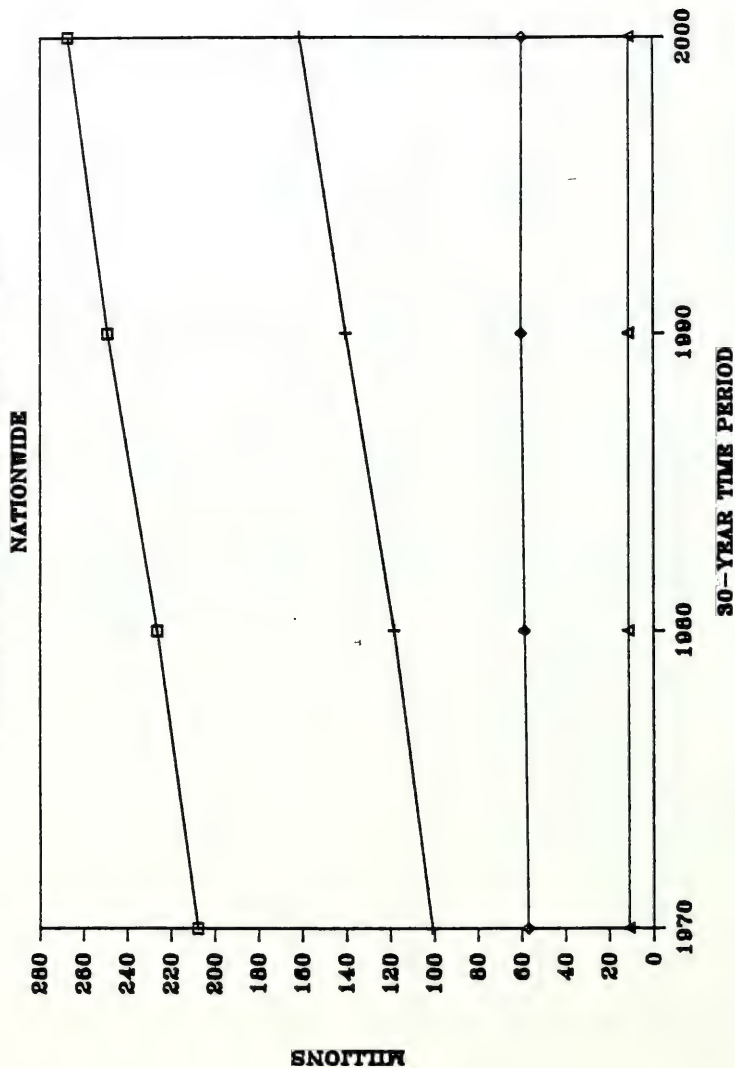
	1980 Population (000s)			Change 1970-1980(%)		
	Central		Suburbs	Central		Suburbs
	Total	City		Total	City	
U.S. Total	102,816	39,639	63,177	+ 6.9	- 4.9	+16.0
Northeast	27,294	11,173	16,120	- 4.9	-12.3	+ 1.0
North Central	24,937	8,764	16,173	+ 0.3	-14.1	+10.5
South	25,388	10,200	15,189	+19.8	+ 2.4	+35.3
West	25,197	9,502	15,695	+17.7	+ 8.1	+24.3
Northeast						
New York	9,081	7,035	2,045	- 9.0	-10.9	- 1.6
Philadelphia	4,701	1,681	3,020	- 2.6	-13.8	+ 5.1
Boston	2,760	563	2,197	- 4.8	-12.2	- 2.7
Nassau-Suffolk	2,604		2,604	+ 1.9		+ 1.9
Pittsburgh	2,261	424	1,837	- 5.8	-18.4	- 2.4
North Central						
Chicago	7,058	2,986	4,071	+ 1.2	-11.4	+12.9
Detroit	4,344	1,197	3,147	- 2.0	-20.0	+ 7.7
St. Louis	2,345	451	1,894	- 2.7	-27.6	+ 5.9
Minneapolis-St. Paul	2,109	639	1,471	+ 7.3	-14.2	-20.4
Cleveland	1,896	573	1,323	- 8.1	-23.7	+ 0.8
South						
Washington, DC	3,045	635	2,410	+ 4.6	-16.0	+11.9
Dallas-Ft. Worth	2,964	1,284	1,680	+24.7	+ 3.7	+47.4
Houston	2,891	1,574	1,317	+44.6	+27.6	72.0
Baltimore	2,166	785	1,382	+ 4.6	-13.4	+18.6
Atlanta	2,010	422	1,588	+26.0	-14.7	+44.3
West						
Los Angeles-Long Beach	7,446	3,309	4,136	+ 5.7	+ 4.4	+ 6.8
San Francisco-Oakland	3,227	1,013	2,214	+ 3.8	- 6.0	+ 9.0
Anaheim-Santa Ana-Garden Grove	1,926	550	1,376	+35.5	+24.0	+40.7
San Diego	1,850	875	975	+37.0	+25.4	+49.1
Denver-Boulder	1,615	566	1,050	+30.3	- 2.8	+59.6

SOURCE: Chicago Area Transportation Study, Research News, "Regional Demographics and Employment Trends and Transportation Implications," Frank H. Cassell, Volume 23, Number 1, June 1984.

1.1 Demographic and Employment Trends . . . 1980 Census Population Data
NATIONAL POPULATION TRENDS OF DECENTRALIZATION, SUBURBANIZATION, AND OVERALL
MIGRATION TO THE SUNBELT CLEARLY AFFECTED THE CHICAGO METROPOLITAN AREA

- From 1970 to 1980 the Northeast and North Central U.S. regions gained only minimal population, while the South and West region's population increased rapidly (Exhibit 1-1).
- Northeast and North Central regions combined declined 4.9 percent, to 52.2 million.
- South and West regions together increased 18.7 percent, to 50.6 million.
- Illinois increased 0.4 percent in population, from 11.371 million to 11.419 million, over the 1970-1980 period.
- Metropolitan growth and decentralization was a nationwide trend - - metropolitan population grew 6.9 percent, to 102.8 million; but decentralized as central cities lost 4.9 percent and the suburbs grew 16 percent.
- The Chicago area followed national trends of decentralization through suburbanization
 - 20 of the top 25 metropolitan areas lost central city population; Chicago declined 11.4 percent.
 - 21 of the top 25 metropolitan areas gained suburban population; Chicago increased 12.9 percent.

POPULATION TRENDS



□ U.S. + S/W REG ◇ NC REG △ ILL.

1.1 Demographic and Employment Trends . . . 1980 Census Population Data

ACCORDING TO U.S. CENSUS PROJECTIONS, MIGRATION TO THE SOUTH AND WEST IS EXPECTED TO CONTINUE, RESULTING IN LITTLE OR NO REGIONAL POPULATION GROWTH (EXHIBIT 1-2)

- Total U.S. population will grow 18 percent over the 1980-2000 time period, to 267 million.
- South and West regions will hold larger shares of total U.S. populations
 - Through growth and intra-regional migration, combined South and West will increase 36 percent, to 161 million from 1980-2000.
 - South and West regions will comprise 60 percent of total U.S. population in the Year 2000, up from 52 percent in 1980.
- The North Central region population will increase slightly in 1990, then fall to 59 million in 2000, a 1.5 percent increase over 1980 levels.
- The State of Illinois is projected to gain population through 1990, but drop below 1980 levels to 11 million by 2000.

EXHIBIT 1-3
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Comparative Employment Growth Rates by Job Category

	<u>Metropolitan Chicago (1960-1982)</u>	<u>United States (1960-1982)</u>	<u>Illinois (1969-1983)</u>
Services	92.0%	158.0%	43.0%
Finance, Insurance and Real Estate	64.0%	104.0%	41.0%
Government	67.0%	89.0%	6.0%
Wholesale, Retail Trade	41.0%	80.0%	11.0%
Transportation, Utilities, Communications	-10.0%	30.0%	-10.0%
Manufacturing	<u>-20.0%</u>	<u>12.0%</u>	<u>-31.0%</u>
OVERALL	+12.6%	+29.2%	+7.5%

SOURCES:

Job Category: Chicago and U.S.-Commercial Club of Chicago, Make No Little Plans
 Illinois-1985 OBERS BEA Regional Projections
 Overall: U.S. and Illinois-1985 OBERS BEA Regional Projections
 Chicago-CATS Study

1.1 Demographic and Employment Trends . . . 1980 Census Employment Data

PAST EMPLOYMENT TRENDS SHOW THE CHICAGO AND ILLINOIS AREAS LAGGING BEHIND THE U.S. IN THE TREND TOWARD SERVICE-ORIENTED INDUSTRY AND AWAY FROM MANUFACTURING (EXHIBIT 1-3)

- The Chicago metropolitan area and Illinois state employment grew 12.6 percent and 7.5 percent, respectively, over the 1970-1980 period; but total U.S. growth was 29.2 percent.
- Had Chicago grown at the national rate, 457,000 additional jobs (or 15 percent of the 1980 work force) would have been added to the region.
- Chicago has not kept pace with the U.S. growth in any job category
 - Only 60 percent of national growth in services and finance, insurance and real estate
 - 75 percent of national growth in government
 - 50 percent of national growth in trade
 - Decrease in transportation, utilities, communications and manufacturing, while national levels grew.

EXHIBIT 1-4
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

1980-2000 Annual Employment Growth Rates
By NPA and Chase Econometrics

1990-2000

1980-1990

National Planning Association

United States	1.34%	0.62%
Great Lakes Region	0.67%	0.09%
Illinois	0.52%	0.04%
Chicago SMSA	0.49%	0.02%
Cook County	0.02%	-0.25%

Bureau of Economic Analysis

United States	1.57%	0.99%
Illinois	0.42%	0.84%

Chase Econometrics

United States	2.15%
East North Central Region	1.34%
Illinois	0.81%
Chicago SMSA	0.79%

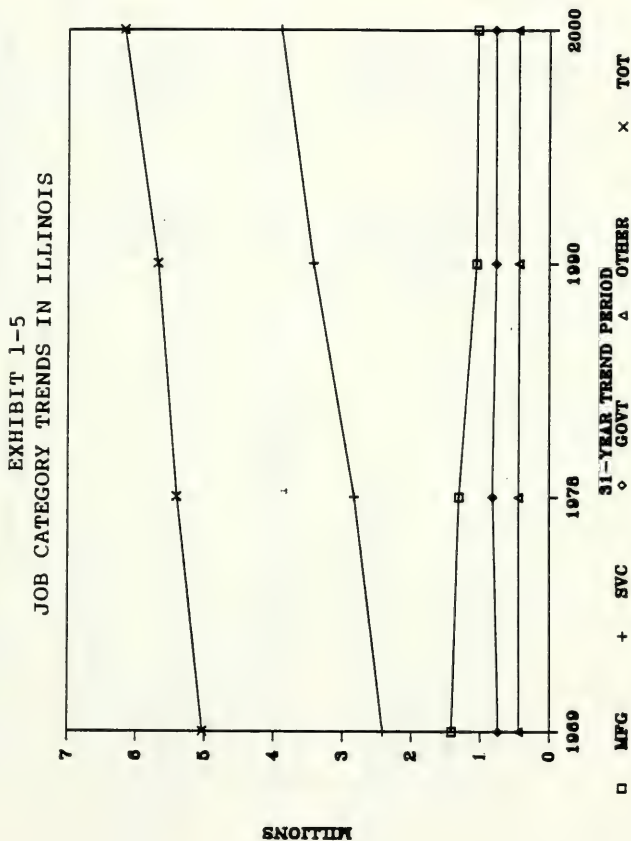
1.1 Demographic and Employment Trends . . . 1980 Census Employment Data

FUTURE EMPLOYMENT PROJECTIONS PREDICT THAT THE CHICAGO REGION WILL CONTINUE TO TRAIL NATIONAL GROWTH (EXHIBIT 1-4)

- Three forecasters (National Planning Association, Bureau of Economic Analysis and Chase Econometrics) predict a slowdown in total U.S. employment growth.
 - NPA estimates 1.34 percent and 0.62 percent gains over the next two decades.
 - BEA has slightly higher estimates of 1.57 percent for 1980-1990, and 0.99 percent for 1990-2000.
 - Chase Econometrics projects 2.15 percent growth over 1980-1990.
- All forecasts show Chicago region growth declining at a faster rate than the U.S. average.
 - NPA predicts 0.4 percent rate of growth in the first decade, virtually no growth in the second decade.
 - BEA Illinois rates stay below national average.
 - Chase Econometrics predicts Chicago SMSA to gain at only 36 percent of national pace from 1980-1990.

1.1 Demographic and Employment Trends . . . 1980 Census Employment Data

THE STATE OF ILLINOIS IS EXPECTED TO MAINTAIN THE NATIONAL TREND TOWARDS SERVICE-TYPE JOBS, AS EVIDENCED BY A 20 PERCENT DROP (TO 1.039 MILLION) IN MANUFACTURING EMPLOYMENT, AND AN INCREASE IN SERVICE EMPLOYMENT OF 38 PERCENT (TO 3.906 MILLION) FROM 1978-2000 (EXHIBIT 1-5)



SOURCE: Bureau of Economic Analysis

EXHIBIT 1-6
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
Chicago Metropolitan Area Labor Market Changes
(000s)

<u>City</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Population, Civilian,				
Non-Institutional, 16+	2,112	2,097	2,284	2,211
Civilian Labor Force	1,275	1,261	1,394	1,351
Participation Rate	60.4%	60.1%	61.0%	61.1%
Unemployment Rate	9.1%	7.4%	11.3%	12.0%
% Change Employment Since 1970	-15.2%	-14.6%	-9.5%	-13.0%
Employment % of Population	54.9%	55.7%	54.2%	53.8%
<u>Suburbs (Non City, Balance of SMSA)</u>				
Population, Civilian,				
Non-Institutional, 16+	2,996	3,053	2,923	3,080
Civilian Labor Force	2,104	2,106	2,042	2,134
Participation Rate	70.2%	69.0%	69.9%	69.3%
Unemployment Rate	4.1%	4.1%	6.3%	6.4%
Employment % of Population	67.4%	66.1%	65.4%	64.8%

SOURCE: Chicago Area Transportation Study, Research News, "Regional Demographics and Employment Trends and Transportation Implications," by Frank H. Cassell, Volume 23, Number 1, June 1984.

1.1 Demographic and Employment Trends . . . 1980 Census Employment Data

LABOR MARKET CHANGES WITHIN THE REGION DEMONSTRATE THE RELATIVE STRENGTH OF SUBURBAN EMPLOYMENT VERSUS CITY EMPLOYMENT (EXHIBIT 1-6)

- The suburbs have 8 to 10 percent higher participation rates than the city labor pool from 1978-1981.
- The suburbs have one-half the unemployment rate that the city labor pool faced in the same time period.
- Reflecting these two key rates, suburban employment in 1981 has grown 33.3 percent over its 1970 level, versus a 13 percent decline in city employment.

EXHIBIT 1-7
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Profile of Chicago Population and Employment Characteristics

	1 9 8 0			Percent Change			1 9 7 0 - 1 9 8 0		
	Employment	Population	Housing Units	Employment	Population	Housing Units	Employment	Population	Housing Units
Chicago									
Jefferson	190,368	522,730	197,501	- 10%	- 6%	1%			
Lakeview	124,285	358,249	173,595	- 7%	- 12%	- 2%			
West	199,737	584,356	187,065	- 22%	- 12%	- 10%			
South West	110,973	273,708	97,797	- 2%	- 11%	2%			
Far South	87,346	342,530	102,216	- 14%	- 2%	0%			
Near South	123,905	630,084	218,081	- 14%	- 16%	- 11%			
Mid Town	785,979	335,273	129,616	- 18%	- 13%	- 2%			
Stable									
Benton-Zion	6,777	32,399	11,133	37%	5%	22%			
Bloom	32,921	101,424	33,512	7%	7%	24%			
Elgin	30,157	61,576	23,498	8%	4%	23%			
Niles	121,330	160,970	59,005	2%	- 9%	5%			
Proviso	97,257	184,841	68,977	12%	- 10%	5%			
Worth	59,113	188,790	56,001	27%	- 1%	26%			
Growth									
Orland	10,687	42,588	12,429	298%	183%	235%			
St. Charles	12,900	27,319	8,907	61%	34%	48%			
Schaumburg	41,258	103,920	35,406	779%	106%	171%			
Wheeling	53,465	129,853	44,595	130%	10%	35%			
York	73,586	120,381	41,761	120%	- 3%	16%			

SOURCE: CATS Analysis of U.S. Census Data

1.1 Demographic and Employment Trends . . . 1980 Census Employment Data

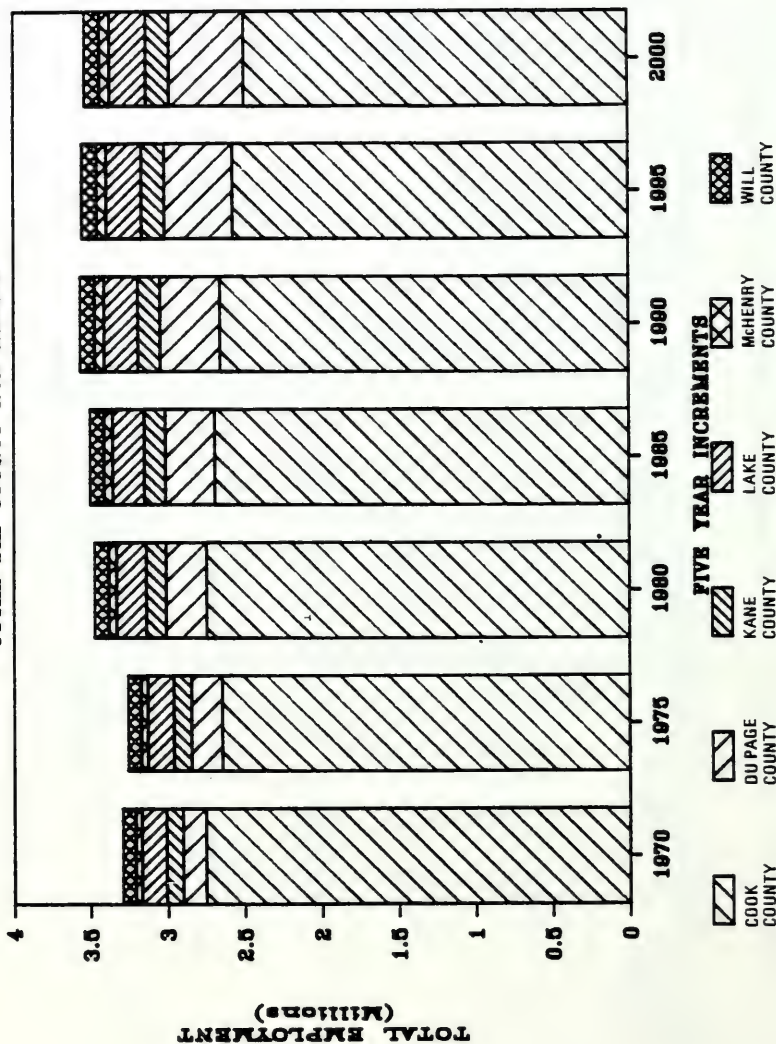
THE PROFILE OF CHICAGO POPULATION AND EMPLOYMENT CHARACTERISTICS COMPARED TO TYPICAL SUBURBAN "STABLE" AND "GROWTH" TOWNSHIPS ILLUSTRATES THE CITY'S DECLINE IN POPULATION, EMPLOYMENT AND HOUSING UNITS; BUT IT CONTINUES TO DOMINATE AS A FOCUS OF EMPLOYMENT AND POPULATION DENSITY (EXHIBIT 1-7)

- . Each City of Chicago township lost population and employment, and the city's overall housing units declined.
- . "Stable" townships generally increased employment and housing units, with little change in population.
- . "Growth" townships experienced large employment gains exceeding population and housing unit increase.
- . Despite its losses, the City of Chicago continues to be the largest concentration of both population and economic activity in the region
 - Contains 42.3 percent of the six-county total population
 - Provides 45.6 percent of the six-county total employment.

EXHIBIT 1-8
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

EMPLOYMENT BY COUNTY

TOTAL SIX COUNTY RTA REGION



SOURCE : NATIONAL PLANNING ASSOCIATION

1.1 Demographic and Employment Trends . . . Population and Employment Outlook

TOTAL EMPLOYMENT IN THE SIX-COUNTY RTA REGION HAS ONLY SLIGHTLY INCREASED (6 PERCENT) BETWEEN 1970 AND 1980, WHILE PROJECTIONS TO THE YEAR 2000 INDICATE NO FURTHER GROWTH ACCORDING TO THE NATIONAL PLANNING ASSOCIATION (EXHIBIT 1-8)

- Cook County dominates the regional employment patterns - - past and future - - though showing some decline

- 1970 high of 84 percent of total
- 2000 low of 71 percent of total

- The major employment growth will be in DuPage County, where a 50 percent increase in employment is projected (1985-2000).

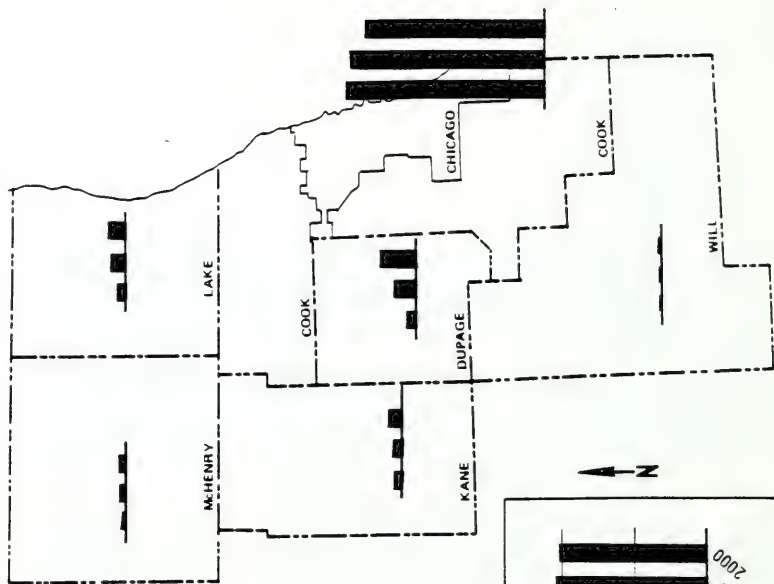
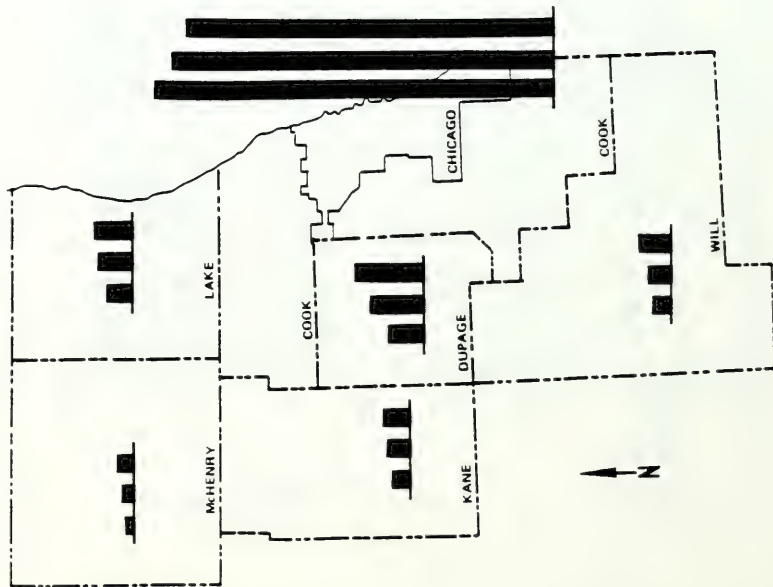
- Lake County is also expected to have strong growth, 16 percent between 1985 and 2000.

EXHIBIT 1-9 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Population and Employment Growth: 1970-2000
(NPA Forecasts by County)

POPULATION

EMPLOYMENT



1.1 Demographic and Employment Trends . . . Population and Employment Outlook

RELATIONSHIPS IN SIZE BETWEEN COOK AND THE COLLAR COUNTIES INDICATE THAT POPULATION IS PROJECTED TO SHIFT FASTER THAN EMPLOYMENT FROM COOK COUNTY AND THE CITY OF CHICAGO TO THE COLLAR COUNTIES (EXHIBIT 1-9)

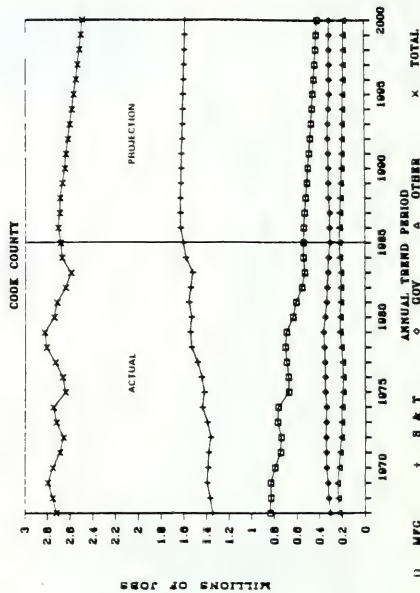
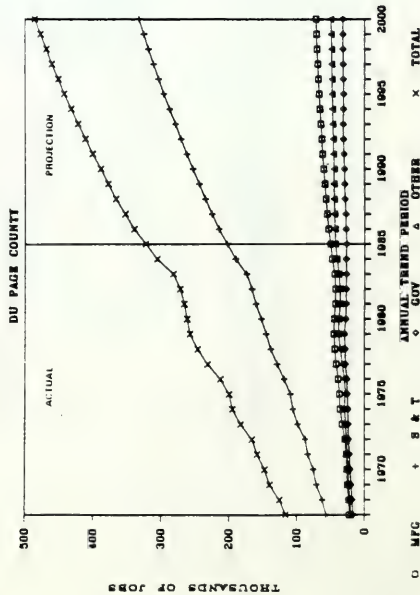
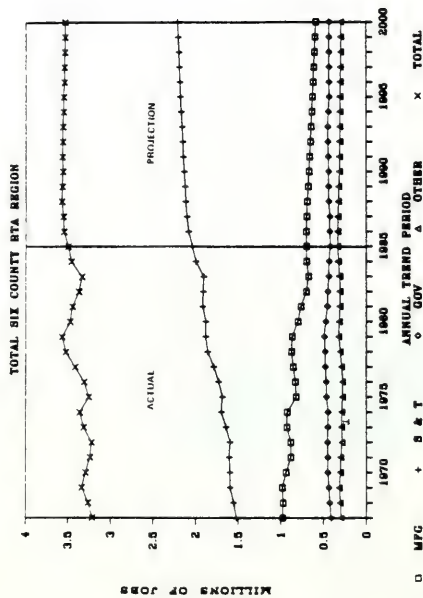
- Cook County's share of regional employment is projected to remain higher than its share of regional population from 1970-2000

	<u>1970</u>	<u>2000</u>
- Employment	83.6%	70.6%
- Population	78.7%	67.3%

- DuPage County is forecast to increase its population and employment from one-tenth to one-fifth of Cook County totals over the thirty-year period.
- Other collar counties have significant total changes predicted of 0.4 million in population, but only 0.17 million in employment in the same time period.

EXHIBIT 1-10 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Employment Trend by Job Category (Regionwide and Two Largest Counties)

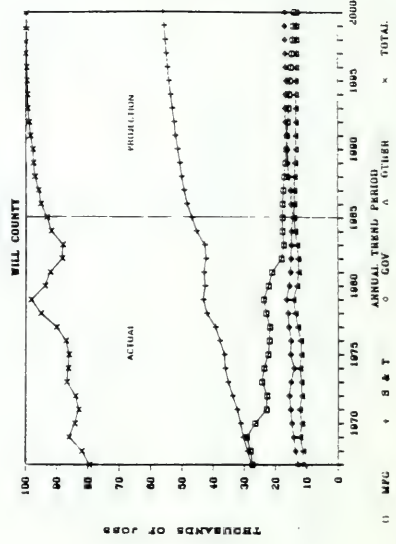
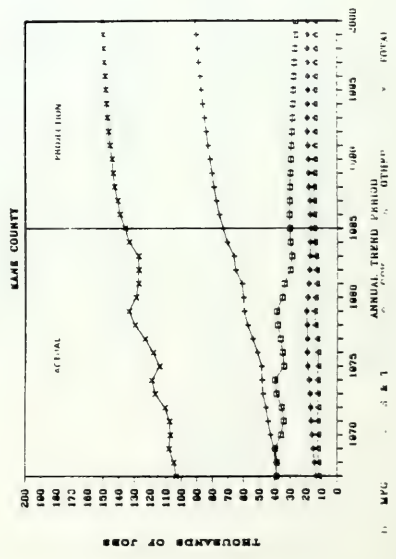
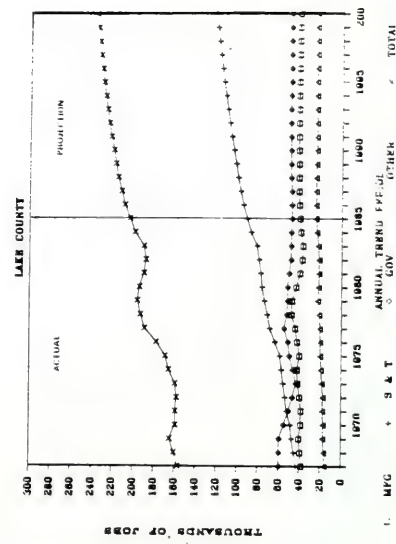
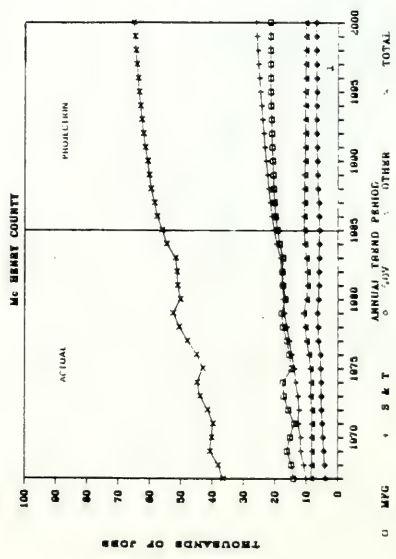


1.1 Demographic and Employment Trends . . . Population and Employment Outlook

THE EMPLOYMENT TREND BY JOB CATEGORY ILLUSTRATES THE DOMINANCE OF SERVICE AND TRADE IN THE ENTIRE REGION AND IN THE TWO LARGEST COUNTIES - - COOK AND DuPAGE (EXHIBIT 1-10)

- 59 Percent of total employment regionwide (1985) is in the service and trade sector - - up from 49 percent in 1970.
- This growth in service and trade is not expected to continue at this same expansion rate - - projected increase to 63 percent of total job market.
- The real expansion in service and trade has been, and is expected to continue, in DuPage County
 - In 1970, service and trade represented 51 percent of total employment.
 - By 2000, this is projected to be 68 percent of total employment.

EXHIBIT 1-11
 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
 Employment Trend by Job Category
 (Collar Counties)



1.1 Demographic and Employment Trends . . . Population and Employment Outlook

THE COLLAR COUNTIES EXHIBIT A SIMILAR PATTERN OF STRONG GROWTH IN THE SERVICE AND TRADE JOB CATEGORY (EXHIBIT 1-11)

- Manufacturing has historically represented the largest share of employment in McHenry County, but service and trade has recently overtaken that job category.
- In Lake County, service and trade has been the largest employment sector since government employment has dropped at the Lake Michigan military bases.
- Kane County has had a strong manufacturing base that has eroded while service and trade has expanded to assume a greater role.
- Will County has seen a similar drop in manufacturing and an expansion in service and trade, with some growth in the government sector.

1.1 Demographic and Employment Trends . . . Future Growth Scenarios

THREE ALTERNATIVE GROWTH SCENARIOS* HAVE BEEN HYPOTHESIZED FOR THE REGION TO CONSIDER IN TRANSPORTATION DEVELOPMENT; THESE REPRESENT AN EXISTING TREND, AN ECONOMIC DECLINE SCENARIO, AND AN ECONOMIC RESURGENCE SCENARIO. ADAPTING TO AND PARTICIPATING IN THESE CHANGES WILL BE A MINIMUM REQUIREMENT FOR THE RTA AND ITS SERVICE BOARDS -- HELPING SHAPE AND EXPAND THE REGION'S ECONOMY WILL BE A SIGNIFICANT CHALLENGE.

- Modest Industrial Decline assumes the continuation of the current decline of the traditional industries and their employment.
- Rapid Industrial Decline assumes the acceleration of the existing industrial decline.
- Services and High-Technology Economy assumes that the region experiences a change from traditional industries to a high-technology and services employment base.

* SOURCE: Metropolitan Housing and Planning Commission, "A Scenario-Based Approach to Defining MAP2000 Transportation Requirements," by Richard M. Michaels and Joseph L. Schofer, February 1982.

1.1 Demographic and Employment Trends . . . Future Growth Scenarios

THE CONTINUATION OF EXISTING PATTERNS OF INDUSTRIAL DECLINE WILL CONTINUE TO SHIFT POPULATION AND EMPLOYMENT, AND WILL GENERALLY MAINTAIN EXISTING REGIONAL TRANSPORTATION PATTERNS

• Demographic Perspective

- Regional population would grow modestly, however, the development at the edges of the region slows.
- The population continues to increase in average age and educational levels could rise.
- Household size continues to slowly decrease, but the proportion of multiple-worker households rises modestly.
- The overall regional financial trend continues toward a weakened financial base.

• Transportation Perspective

- Modest increase in market share is anticipated.
- Current pattern of heavy peaking continues.
- Existing technologies will be required to meet transportation demands.

1.1 Demographic and Employment Trends . . . Future Growth Scenarios

THE PESSIMISTIC SCENARIO OF RAPID INDUSTRIAL DECLINE SPURS REDUCTIONS IN EMPLOYMENT, POPULATION AND TRANSPORTATION USE

- Demographic Perspective

- The current rate of decline of the regional population accelerate, little or no edge growth would be anticipated and the viability of older suburbs would decline; however, centralized redevelopment and densification could be expected.
- The average population age rapidly increases, while educational levels decline.
- The public finance base declines.

- Transportation Perspective

- Overall reduction of total urban transportation market
- More centrally focused demand and continued heavy peaking trends
- Aging of current transportation infrastructure.

1.1 Demographic and Employment Trends . . . Future Growth Scenarios

THE OPTIMISTIC VIEWPOINT OF REGIONAL DEVELOPMENT IS A CONVERSION TOWARD HIGH-TECHNOLOGY FROM DECLINING TRADITIONAL INDUSTRIES; ECONOMIC DEVELOPMENT AND TRANSPORTATION DEMAND ARE STIMULATED

Demographic Perspective

- Population would grow modestly as nucleated development occurs throughout the region. Significant growth would be expected in the Loop.
- The average age declines and educational levels rise.
- Overall reduction in household size would be anticipated, however the number of multi-worker homes increases significantly.
- The regional financial base improves.

Transportation Perspective

- The overall market would expand modestly, however patterns would change markedly - - decreased peaking and decentralized travel with the exception of travel to the CBD.
- The changing travel patterns would create less dependence on conventional, high volume transit options for most markets, and increased reliance on paratransit and private sector transport options.

EXHIBIT 1-12 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Change in Home to Work Trip Patterns

Home Location	WORK LOCATION						
	Chicago	Cook*	DuPage	Kane	Lake	McHenry	Will
Total							
Chicago							
1970**	1,097,944	205,142	10,239	3,237	8,171	432	1,064
1980	971,357	187,033	14,865	1,294	4,539	253	1,978
% Change	-11.5	-8.8	45.2	-60.0	-43.2	***	85.9
Suburban							
Cook							
1970	302,394	499,698	22,385	5,819	10,453	519	3,235
1980	333,548	658,173	45,332	7,095	15,221	1,253	7,463
% Change	10.3	31.7	102.5	21.9	45.6	***	130.7
DuPage							
1970	45,179	45,484	97,226	3,670	960	76	1,092
1980	65,603	77,221	178,473	6,705	1,270	353	1,835
% Change	45.2	69.8	83.6	82.7	32.3	***	68.0
Kane							
1970	4,466	10,490	5,505	76,982	1,532	803	294
1980	6,655	13,297	11,649	90,702	832	2,118	437
% Change	49.0	26.8	111.6	17.8	-45.7	164.8	***
Lake							
1970	15,608	21,572	1,040	891	121,183	1,345	72
1980	20,487	36,960	1,834	328	145,550	2,346	48
% Change	31.3	69.6	76.3	***	20.1	74.4	***
McHenry							
1970	3,601	5,591	469	1,785	3,366	28,076	41
1980	4,920	11,158	1,147	3,007	5,797	40,354	24
% Change	36.6	99.6	***	68.5	72.2	43.7	***
Will							
1970	6,301	13,972	3,533	1,133	247	7	63,957
1980	14,811	26,164	12,177	1,627	78	26	75,175
% Change	135.1	87.9	244.7	43.6	***	**	17.5

* Excluding Chicago

** The "place of work" was not reported in approximately 7% of the 1970 sample. Allocation of these trips was based on individual county responses.

*** Due to small sample size the percentages were not calculated.

1.2 Urban Transportation Trends . . . 1980 Census Journey-to-Work Data

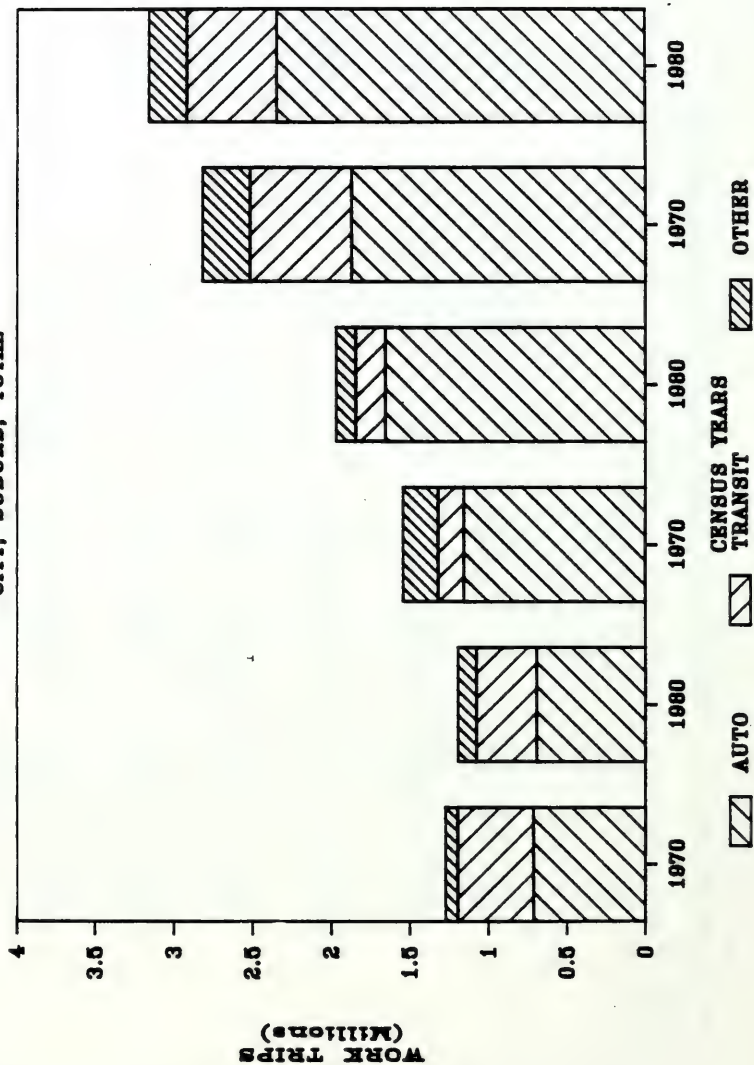
REGIONAL JOURNEY-TO-WORK CENSUS DATA ILLUSTRATE THE IMPACTS OF EMPLOYMENT AND POPULATION SHIFTS ON TRAVEL PATTERNS (EXHIBIT 1-12)

- Most people live and work in the same county
 - Intrazonal travel makes up 53 percent (DuPage County) to 94 percent (Cook County as a whole) of total work trips.
 - Chicago residents continue to work in Chicago - - 81.6 percent in both 1970 and 1980.
- The City of Chicago attracts the largest number of workers, but has lost work trips overall.
 - 1.2 million work trips, or 38 percent of the region's total work trips, are destined to the City of Chicago.
 - Decline of 11.5 percent in intra-Chicago work trips brought overall work trips down by 4 percent.
 - 10.4 percent more suburban Cook County residents work in Chicago in 1980 than in 1970.
 - Other suburban counties have increased work trips from 31 percent to 135 percent.
- Suburban county residents increasingly work in the suburbs:
 - Chicago as a work location for suburban dwellers increased 19 percent.
 - Other suburban counties as a work location increased 60 percent.

EXHIBIT 1-13
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

REGIONAL MODE SPLIT

CITY, SUBURB, TOTAL



1.2 Urban Transportation Trends . . . 1980 Census Journey-to-Work Data

AS POPULATION AND EMPLOYMENT MOVED TO THE SUBURBS, TOTAL TRANSIT USAGE AND MODAL SHARE DROPPED REGION-WIDE, DESPITE INCREASE IN TOTAL WORK TRIPS (EXHIBIT 1-13)

- Overall work trips increased 10 percent, but transit trips declined 12 percent.
- Auto usage increased by 470,000, or 25 percent, attracting new trip-makers and diverting former transit users.
- Transit usage dropped 77,000, resulting in a 5 point loss in market share, to 18 percent.
- Total transit usage and mode share for Chicago residents has decreased.
- Total work trips declined by 84,000.
- Transit trips declined by 100,000, losing almost 6 percent market share.
- Auto and other (walk, bicycle, work at home) split the transit loss.
- Large increases in auto usage by suburban residents forced transit mode share to decline.
- Transit usage increased by 26,000, or 16 percent, but transit share fell 1 percent, to 9.6 percent.
- Auto usage increased 43 percent, resulting in a 9 percent gain in mode share, to 84 percent.

EXHIBIT 1-14
RTA STRATEGY PLAN AND CAPITAL INVESTMENT PLAN

Origins of Work Trips to Downtown*
1980 Journey-to-Work Data

	Auto	Transit	Total	Percent Transit	Percent of CBD Trips		
					Auto	Transit	Total
Chicago	48,879	149,147	198,026	75.3%	55.7%	58.4%	57.7%
Cook	27,143	72,630	99,773	72.8%	30.9%	28.4%	29.1%
Chicago & Cook	76,022	221,777	297,799	74.5%	86.6%	86.8%	86.8%
DuPage	6,403	20,732	27,135	76.4%	7.3%	8.1%	7.9%
Kane	944	1,663	2,607	63.8%	1.2%	0.7%	0.8%
Lake	2,207	6,651	8,858	75.1%	2.5%	2.6%	2.6%
McHenry	351	1,780	2,131	83.5%	0.4%	0.7%	0.5%
Will	1,797	2,931	4,728	62.0%	2.0%	1.1%	1.4%
Subtotal	11,702	33,757	45,459	74.3%	13.4%	13.2%	13.2%
TOTAL	87,724	255,534	343,258	74.4%	100.0%	100.0%	100.0%

Kinzie

Chicago
River

DESTINATIONS

Lake
Michigan

Harrison Street

*

1.2 Urban Transportation Trends . . . 1980 Census Journey-to-Work Data
TRAVELERS TO DOWNTOWN CONTINUE TO CHOOSE TRANSIT - - 74.4 PERCENT (EXHIBIT 1-14)

- Data from Exhibit 1-14 on location of trip origins into this area indicate that 57.7 percent came from within the City of Chicago.
- The second highest locus of origins was Cook County (outside the city (at 29.1 percent)).
- Taken in its entirety, Cook County supplied 86.6 percent of downtown travel in 1980.
- The only other significant county of trip origins for travel to downtown was DuPage at 7.9 percent.
- The other four suburban counties collectively supplied 5.3 percent of trips to downtown.
- All counties indicated high mode shares for transit ranging from a low of 62 percent in Will County to a high of 83.5 percent in McHenry County (albeit for only 2,131 average daily trips).

EXHIBIT 1-15 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Journey-To-Work Travel Trends Transit mode Split: 1970-1980

	1980			% Change 1970-1980			1980			% Change 1970-1980		
	Trip Origins	Transit Origins	Mode Split	Total Origins	Transit Origins	Total Destinations	Transit Destinations	Mode Split	Total Destinations	Transit Destinations	Total Destinations	Transit Destinations
Chicago	234,126	62,696	27%	1%	- 13%	181,173	31,778	18%	8%	- 16%	8%	- 16%
Jefferson	181,697	76,879	42%	8%	- 23%	125,538	28,142	22%	26%	1%	1%	1%
Lake View	197,799	55,154	28%	- 8%	- 23%	169,248	25,732	15%	- 5%	- 34%	- 5%	- 34%
West	124,589	24,589	20%	3%	- 15%	104,636	10,592	10%	13%	- 25%	13%	- 25%
South West	131,174	34,949	27%	10%	3%	75,506	8,452	11%	- 15%	- 29%	- 15%	- 29%
Far South	208,515	78,914	38%	- 11%	- 17%	114,165	20,780	18%	- 9%	- 28%	- 9%	- 28%
Near South	122,242	42,134	34%	2%	- 13%	695,220	389,064	56%	- 11%	8%	- 11%	8%
Mid Town	1,200,142	375,315	31%	- 1%	- 11%	1,465,486	514,540	35%	- 5%	- 1%	- 5%	- 1%
TOTAL	11,500	171	1%	4%	2%	6,035	-	0%	84%	-	84%	-
Stable	56,084	4,789	9%	89%	37%	29,716	470	2%	35%	- 48%	35%	- 48%
Benton-Zion	27,989	1,279	5%	24%	13%	30,413	856	3%	27%	- 28%	27%	- 28%
Bloom	82,949	12,368	15%	14%	5%	104,644	8,540	8%	15%	- 11%	15%	- 11%
Elgin	87,036	9,044	10%	6%	- 15%	85,418	3,407	4%	46%	- 5%	46%	- 5%
Niles	84,366	9,248	11%	21%	6%	54,251	2,468	5%	75%	20%	75%	20%
Proviso	19,924	1,365	7%	276%	286%	10,027	94	1%	N/A	N/A	N/A	N/A
Worth	12,837	524	4%	54%	138%	11,355	47	-	185%	4%	185%	4%
Growth	55,425	3,331	6%	203%	193%	34,799	507	1%	1,359%	319%	1,359%	319%
Orland	69,761	5,706	8%	52%	8%	47,960	711	1%	83%	- 54%	83%	- 54%
St. Charles	60,788	5,238	9%	20%	- 2%	65,321	839	1%	137%	- 6%	137%	- 6%
Schaumburg												
Wheeling												
York												

SOURCE: CATS Analysis of U.S. Census Data

1.2 Urban Transportation Trends . . . 1980 Census Journey-to-Work Data

ANALYSIS OF THE CHICAGO, "STABLE" AND "GROWTH" TOWNSHIPS REVEALED DISTINCT TRENDS IN TRANSIT TRIP PATTERNS (EXHIBIT 1-15)

. City Trends

- Work trip origins decreased 1 percent, and transit trip origins decreased 11 percent - - a loss of both transit market share and absolute trips.
- Work trip destinations declined 5 percent, but transit trip destinations dropped only 1 percent - - increasing market share (from 33.8 percent to 35.1 percent), but losing absolute numbers of transit riders.
- Travelers to the city used transit less in 1980 than in 1970 for all townships, except the midtown location, where transit usage increased 8 percent in the face of an 11 percent decline in overall trips.

1.2 Urban Transportation Trends . . . 1980 Census Journey-to-Work Data

TRANSIT TRIP PATTERNS (Continued)

. "Stable" Trends

- For the typical "stable" growth areas, work trip origins and destinations increased, but transit lost market share for every township in the group.
- Trip-makers originating in "stable" areas chose transit more frequently than did travelers destined for those same townships. This probably reflects the fact that some workers living in these townships were traveling to locations with better transit service (i.e., downtown), while workers traveling to the "stable" townships were traveling from suburban locations with little service or highly favorable automobile service.
- Transit usage in "stable" areas is about one-third to one-quarter the usage in the city, but two to eight times that of "growth" area usage.

1.2 Urban Transportation Trends . . . 1980 Census Journey-to-Work Data

TRANSIT TRIP PATTERNS (Continued)

. "Growth" Trends

- For the "growth" townships, transit usage increased along with the overall number of work trip originations and destinations, but in all cases, transit lost market share between 1970 and 1980.
- As in "stable" areas, "growth" area townships, transit usage for originating trips was always higher than transit usage destined for the township.
- Transit usage for "growth" areas is between one-tenth and one-thirtieth of the usage for city townships.

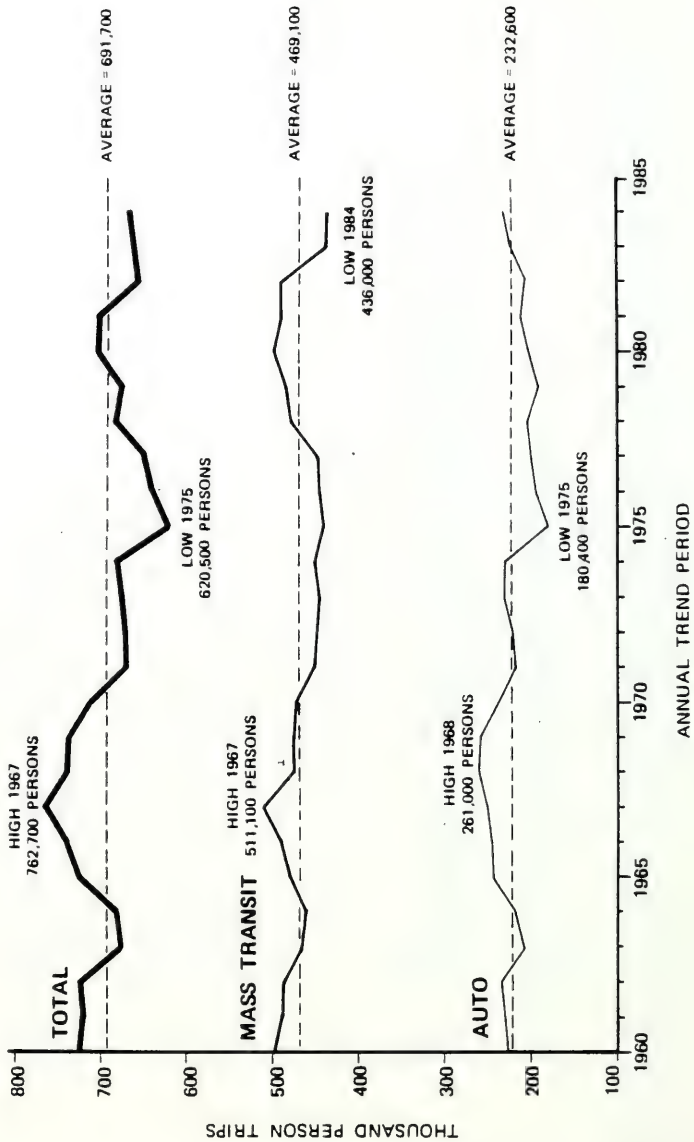
1.2 Urban Transportation Trends . . . Chicago CBD Cordon Counts

EACH YEAR SINCE 1960, THE CHICAGO DEPARTMENT OF PUBLIC WORKS IN COOPERATION WITH TRANSIT AGENCIES AND THE ASSOCIATION OF COMMERCE AND INDUSTRY, HAS CONDUCTED COUNTS OF VEHICLES AND PEOPLE MOVING IN AND OUT OF DOWNTOWN CHICAGO.

- Data are traditionally collected from 7:00 A.M. to 7:00 P.M. on typical weekdays during the Month of May;
- The boundaries of the cordon are the Chicago River on the north and west, Congress Parkway on the south, and Michigan Avenue on the east;
- Modes of travel are separated and include:
 - Transit vehicles¹ (bus)
 - Private autos
 - Service vehicles
 - Taxicabs
 - Out-of-town buses
 - Subway and elevated
 - Railroad
- For purposes of this analysis, service vehicles, taxicabs and out-of-town buses have been eliminated.

EXHIBIT 1-16 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Travel Market by Mode



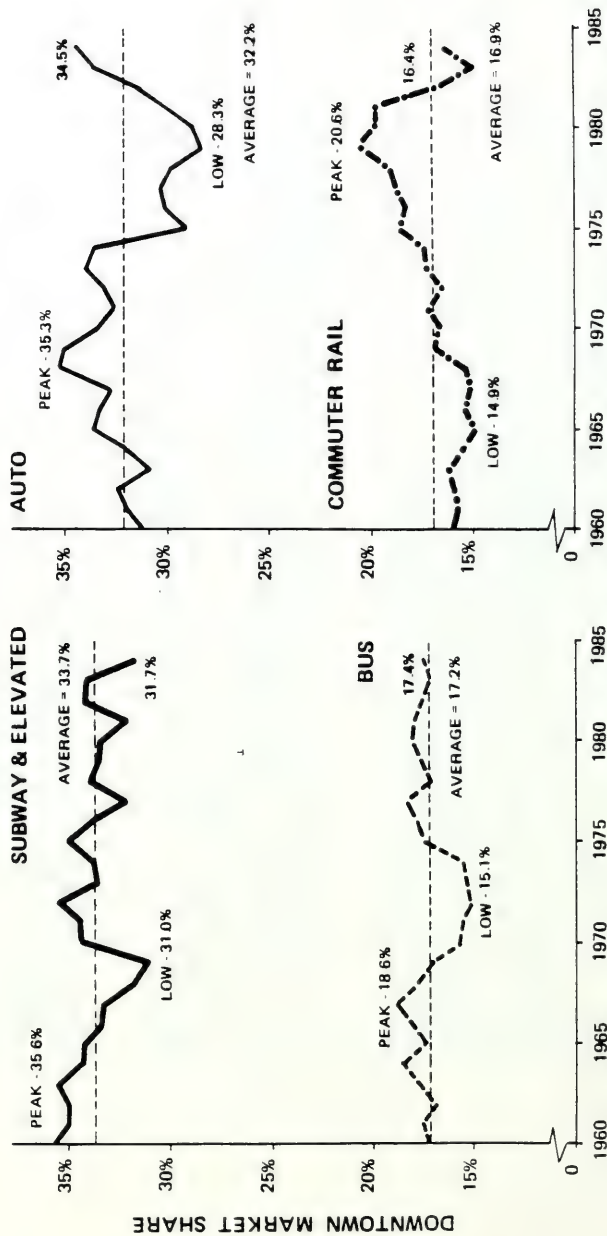
1.2 Urban Transportation Trends . . . Chicago CBD Cordon Counts

TOTAL PERSONS ENTERING DOWNTOWN ON A TYPICAL WEEKDAY BETWEEN 7:00 A.M. AND 7:00 P.M. HAVE BEEN REASONABLY CONSISTENT WITH VARIATIONS REFLECTING ECONOMIC CONDITIONS (EXHIBIT 1-16)

- The 1965-1970 period was above average, peaking in 1967 at 762,700 persons (10.3 percent above the 25-year average of 691,700).
- The early 1970s were characterized by decline, bottoming out in 1975 at 620,500 persons (coincidentally, 10.3 percent below average).
- From 1975 to 1980, there were consistent increases building back to 702,300 persons (1.5 percent above average) - - economic conditions in 1981 and 1982 contributed to a reversal of that trend.
- Both 1983 and 1984 had encouraging increases but there remains no evidence that would anticipate a "growth market" for downtown travel.
- The number of persons entering by mass transit modes has varied little from its 25-year average of 469,100 - - after hovering around the average from 1971 to 1977, transit displayed five solid years of above average performance from 1978 to 1982 dropping in 1983 primarily because of commuter rail losses.
- Auto has been a smaller but more volatile element of downtown access swinging from a 1968 high of 17 percent above its average to a 1975 low of 19 percent below its average.

EXHIBIT 1-17
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

DOWNTOWN CORDON MARKET SHARE TRENDS
1980-1984



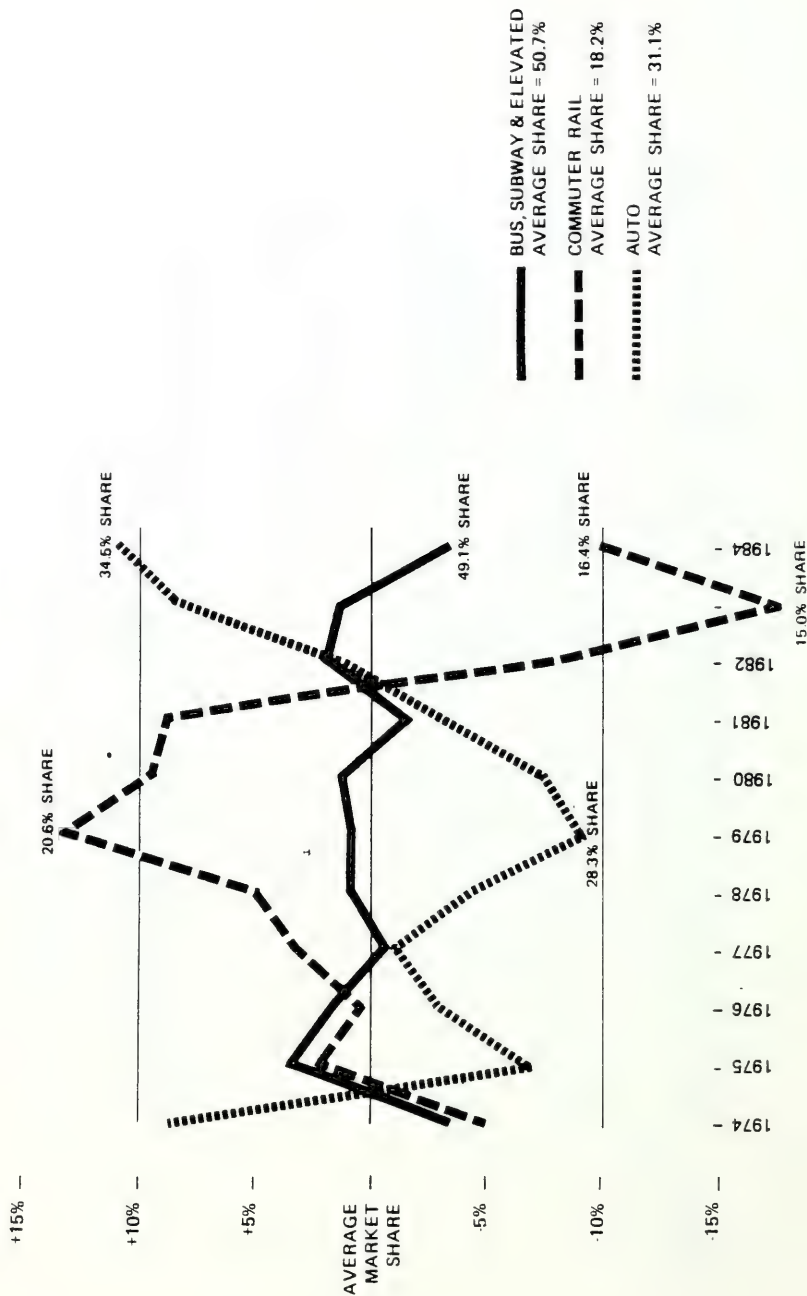
1.2 Urban Transportation Trends . . . Chicago CBD Cordon Counts

HISTORIC MARKET SHARES BY MODE SHOW THAT BUS HAS HELD ITS OWN, SUBWAY AND ELEVATED SHARES HAVE SLOWLY DECLINED, AND THERE HAS BEEN SIGNIFICANT "TRADING" BETWEEN AUTO AND COMMUTER RAIL (EXHIBIT 1-17)

- Bus share of downtown person trips has not varied more than 2 or 3 share points in 25 years, but has encouragingly been at or above the average 17.2 percent for the last decade.
- Subway and elevated has enjoyed the highest single mode average share at 33.7 percent, but the general long-term trend (acknowledging peaks and valleys) appears to be moving downwards with 1984 being close to the 25-year low of 31 percent.
- The graph on the right side of Exhibit 1-17 indicates that historically, auto and commuter rail appear to "trade" share, with auto being high when commuter rail is low and vice-versa.
- From 1965 through 1980, commuter rail share was consistently climbing from its low of 14.9 percent to a peak of 20.6 percent - - during that period, auto dropped from a high of 35.3 percent to a low of 28.3 percent, coincident with rail's peak.
- The precipitous decline in rail share of 5.6 points between 1980 and 1983 was accompanied by a 5.4 point increase in auto share.

EXHIBIT 1-18
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

PERCENT VARIATION OF EACH MODE FROM ITS AVERAGE DOWNTOWN MARKET SHARE
1974 - 1984

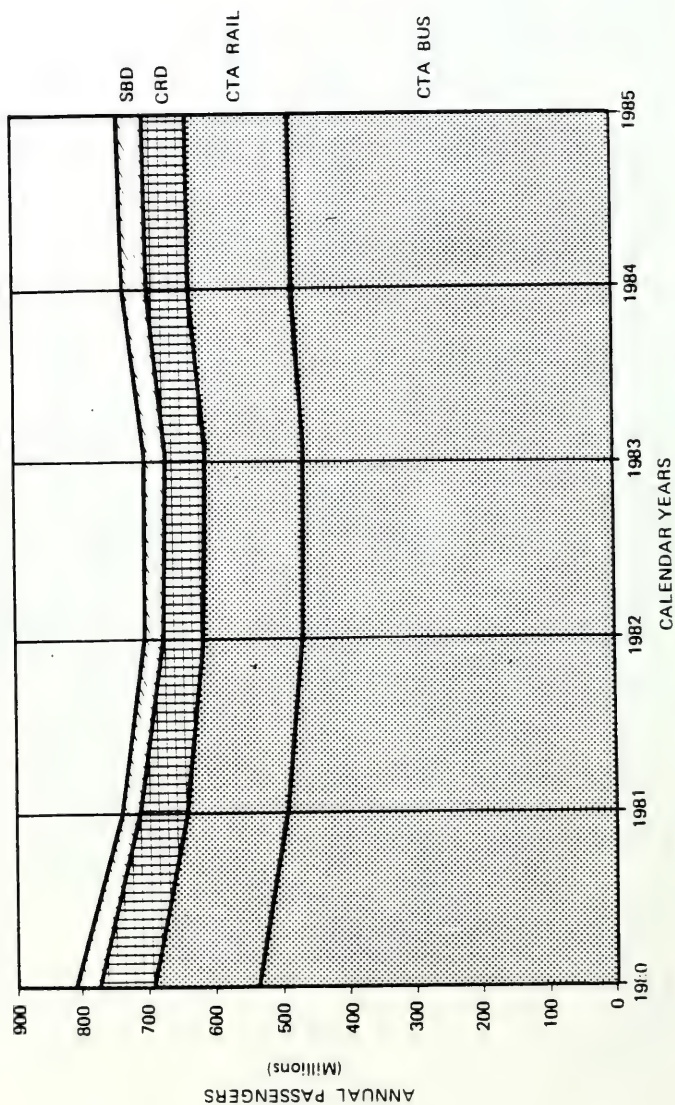


1.2 Urban Transportation Trends . . . Chicago CBD Cordon Counts

THE SHARE "TRADING" EVIDENCED IN THE PRIOR EXHIBIT IS MORE EVIDENT IN EXHIBIT 1-18 WHICH EXAMINES MORE RECENT TRENDS IN THE PERCENT VARIATION OF EACH MODE'S MARKET SHARE AROUND ITS AVERAGE FOR THE LAST DECADE

- . During this period, the combination of bus, subway and elevated shares stayed within \pm 3 percent of average.
- . Commuter rail climbed to a peak that was 13 percent above average when it achieved a 20.6 percent share in 1979 - - in the same year, auto dropped 9 percent below its average, falling to an all-time low of 28.3 percent.
- . Fare increases, service cuts and other factors triggered a sharp drop in rail share bottoming out at almost 18 percent below average in 1983 (15 percent market share).
- . It would appear that rail share deflected to auto which climbed to 8.4 percent above its average in the same period.
- . Share analysis implies different future challenges in the downtown travel market for the respective modes:
 - Bus - Maintain or enhance position;
 - Subway and Elevated - Reverse downward trend; and
 - Commuter Rail - Win back share from auto.
- . One share point is 13,000 "fares" a day which could mean as much as \$5-7 million per share point in annual revenue for commuter rail.

EXHIBIT 1-19
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
RTA Ridership Profile



1.2 Urban Transportation Trends . . . RTA Ridership Trends

FOLLOWING A DECLINE IN ANNUAL RIDERSHIP OF OVER 100 MILLION FROM 1980 TO 1982, RIDERSHIP TRENDS ARE REVERSING (EXHIBIT 1-19)

- Overall regional passenger trips have increased 38 million from 1982 to a projected 740 million in 1985, representing a rise of 5.4 percent.
- CTA bus and rail ridership both have increased 3.7 percent since 1982 bringing the annual total to 637 million, but ridership is well below the 693 million level of 1980. The CTA ridership represents 86 percent of the regional total.
- The CRD ridership projected for 1985 is 64.1 million, representing only 78 percent of 1980 ridership. Since 1982, however, ridership has climbed 6 percent.
- The SBD ridership has grown 32 percent since 1982 to a total of 39.4 million, exceeding the 1980 ridership level of 34.8 million (Pace ridership figures were converted to calendar year from fiscal year data).

1.3 Management and Investment Trends . . . Long-Term Plans and Concepts

FEDERAL FUNDING FOR TRANSIT - - BOTH CAPITAL AND OPERATING FUNDS - - MUST BE CONSIDERED TO BE AT RISK

- Every year since 1981, the executive branch has attempted to reduce transit budgets - - Congress has always intervened. The original budget request was one-third of 1985 budget levels - - a two-thirds cut.
- Deficit pressures on the Federal budget will continue to mount - - in the search for spending cuts, transit is an easy mark
 - General revenue funded; a cut in transit programs brings immediate Federal budget relief.
 - Other transportation programs are largely trust fund supported; a cut in these programs is more complicated and has a longer term Federal budget impact.
 - Constituency support for other transportation programs is stronger than transit.
 - There is no "immediate peril" that transit helps alleviate; the energy crisis is past and air pollution is not a national concern.

1.3 Management and Investment Trends . . . Long-Term Plans and Concepts

FEDERAL FUNDING (Continued)

- Capital grant programs are under particular pressure
 - New cities in the "rail modernization" competition - - San Francisco, Washington and Atlanta.
 - Some capital funding is reserved for new starts.
 - RTA will do well to keep "market share" of the existing source of funds with new contenders.
 - If source of funds is reduced, funds will be even more scarce.
- Move toward formula distribution of operating and capital funds (Section 9) has not improved the flow of funding from Washington - - Section 3 discretionary programs are under considerable scrutiny.
- Operating funds at 1985 levels is a probable outcome for 1986 and it is highly likely that they will be under attack next year.
- Capital funding reductions in the 12-13 percent range are probable for 1986.

1.3 Management and Investment Trends . . . RTA Reorganization Summary

THE REORGANIZATION HAS SHIFTED OPERATING CONTROL OF PUBLIC TRANSPORTATION SERVICE TO THE SERVICE BOARDS AND SHIFTED THE RTA'S ROLE TO A FINANCIAL OVERSIGHT AND POLICY ROLE FROM THE CITY OF CHICAGO TO THE SUBURBS

- The RTA Board changed from 9 to 13 members.
 - The Mayor of Chicago has responsibility for four appointments.
 - Suburban Cook County added two appointments to give it a total of four.
 - Kane, McHenry, Will and Lake Counties collectively receive two appointments, and DuPage County has one appointment.
 - The CTA Chairman is now a member.
 - The RTA Board Chairman will be elected by the twelve appointed board members - - the first chairman is appointed by the Governor.
- A newly created "opt-out" provision was introduced, under which a county can remove itself from the RTA upon passage of a referendum by majority vote.

1.3 Management and Investment Trends . . . RTA Reorganization Summary

SALES TAX, THE MAIN SOURCE OF RTA FUNDING HAS BEEN EXPANDED TO REPLACE PRIOR STATE FUNDING, AND OPERATING EXPENSES ARE CONSTRAINED TO A REVENUE RECOVERY TARGET OF 50 PERCENT

- The RTA continues to receive non-farebox revenue from the retail sales tax, State of Illinois (Public Transportation Fund), Federal Government (UMTA grants) and local sources (City of Chicago).
- The public transportation fund is now solely based on the sales tax, contributing a sum equal to 25 percent of all sales tax revenue.

1.3 Management and Investment Trends . . . RTA Reorganization Summary

THE ROLE OF THE RTA HAS BEEN CHANGED BY THE 1983 REORGANIZATIONAL ACT FROM AN OPERATIONAL DECISION-MAKER TO FINANCIAL OVERSEER AND REGIONAL POLICYMAKER

- Formation of the Commuter Rail and Suburban Bus Service Boards removes previous RTA operating control.
- Now service boards operate and set transportation policies over fare levels and schedules.
- New boards execute and monitor purchase of service agreements with contract carriers.
- All transport-related assets have been transferred to the respective service boards.

1.3 Management and Investment Trends . . . RTA Reorganization Summary

ROLE OF THE RTA (Continued)

- RTA has ratification control over service board budgets.
 - Sets revenue recovery ratio targets for each service board that will enable RTA to meet the 50 percent systemwide requirement.
 - Budgetary review process allows RTA to effectively negate any board's budget if it does not include:
 - .. Balanced budget
 - .. Sufficient cash flow to meet PSA subsidies
 - .. Provisions to meet RTA-set revenue recovery ratio.
 - May reopen labor contract negotiated by service boards on a majority vote; labor contracts cannot be tied to local CPI and must allow part-time operators.
- Service boards may independently apply for state and federal capital grants and loans, although RTA coordinates the grant process through allocation of shares of capital funds.

1.3 Management and Investment Trends . . . RTA Reorganization Summary

ALLOCATION OF RTA FUNDS HAS CHANGED CONSIDERABLY, WITH A NEW FORMULA FOR SALES TAX DISTRIBUTION AND A CAP ON RTA EXPENSES

- Use of the sales tax revenue is now allocated on a complex formula basis
 - 15 percent of the total is withheld by the RTA for discretionary distribution to the three service boards.
 - Remainder (85 percent) of the tax collected in Chicago goes to the CTA.
 - Remainder (85 percent) of the tax collected in suburban Cook County is divided: 30 percent to the CTA; 55 percent to the CRD; and 15 percent to the SBD.
 - Remainder (85 percent) of the tax collected in the collar counties is divided: 70 percent to the CRD; and 30 percent to the SBD.
- The RTA Board's administrative expenses as of Fiscal Year 1985 are limited to \$5 million per year, with an allowable increase of 5 percent over the previous year's expenses.
- Other funds are also allocated on a discretionary basis by the RTA.

1.3 Management and Investment Trends . . . Transportation Investment Plans

THE YEAR 2000 PLAN CONTAINS SEVERAL MAJOR INVESTMENTS IN HIGHWAY AND TRANSIT FACILITIES

• Transit facilities include:

- Skokie Swift Extension
- Southwest Line
- Dan Ryan Extension
- North Lakefront Line
- South Lakefront Line
- Riverbank Line
- Dan Ryan/State Street Subway Connection

• Commuter Rail facilities include:

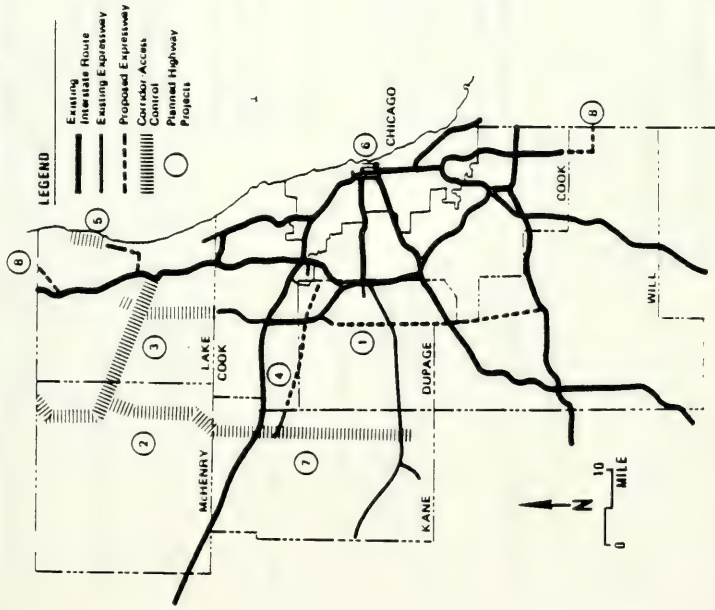
- Gurnee Extension - Soo Line
- ICG Station Consolidations
- N&W Station Improvements

- Preliminary estimate of capital funding to rehabilitate the bedrock plant and equipment is \$325-350 million per year - - with the bulk of the spending required in the 1990s.

1.3 Management and Investment Trends . . . Transportation Investment Plans

WITH THE FIRST PRIORITY OF HIGHWAY INVESTMENTS BEING TO MAINTAIN THE EXISTING EXPRESSWAY SYSTEM, NEW EXPRESSWAYS ARE PLANNED PRIMARILY WHERE PRESENT CAPACITY IS EXPECTED TO BE EXCEEDED BY FUTURE DEMAND (EXHIBIT 1-20)

EXHIBIT 1-20
YEAR 2000 HIGHWAY SYSTEM



- 1 Lake-Will South (FAP 431) - New expressway from Army Trail Road at I-55 in DuPage County to I-80 in Will County.
- 2 Richmond-McHenry (FAP 420) - A fully controlled access right-of-way from U.S. 12 at the Wisconsin State line in McHenry County to U.S. 12 at Lake Cook in Cook County. Investment options are: (1) a fully controlled access roadway with a limited number of access points along the final FAP 420 alignment, as accepted by the Federal Highway Administration; and (2) upgrading selected segments of the existing arterial highway system in the FAP 420 corridor.
- 3 Lake-Will North (FAP 432) - An expressway from the present terminus of I-55 at Dundee Road in Cook County to Lake Cook Road, then continuing northward as a broad corridor with full access to the highway system, to terminate at the proposed Richmond-McHenry expressway.
- 4 Elgin-O'Hare (FAP 426) - A new expressway from U.S. 20 east of Elgin in Cook County to Irving Park Road south of O'Hare Airport.
- 5 Lakefront (FAP 437) - A fully controlled access right-of-way from Western Road at the terminus of Glenview Road in McHenry County to a new expressway that continues south and west to terminate at I-94 just north of I-137.
- 6 South Loop Distributor - A network of new access roads from The Dan Ryan near Lemak Road, north to Congress Street in the Chicago CBD to help relieve congestion in the Dan Ryan Bridge and be compatible with the South Loop New Town development project.
- 7 I-113/Randall Road - An upgrading of I-113 south from the Richmond-McHenry (FAP 420) to near the McHenry/Kane border where a new connection will be built to Randall Road. From this point, south Randall Road would also be upgraded to terminate at existing I-113 south of Aurora.
- 8 Wisconsin and Indiana Connectors - Segments are proposed between I-94 and the Wisconsin State line and the present terminus of the Calumet Expressway to the Indiana State line.

SOURCE: Year 2000 Transportation System Development Plan, May 1984

EXHIBIT 1-21
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Deficiencies in Arterial Roadway Capacity

Location	Description
Northwestern Will County	Access from Will County to the Fox Valley area and an additional crossing over the Des Plaines River are needed to support anticipated growth.
Northeast Kane County and Southeast McHenry County	Have a limited number of Fox River crossings causing current congestion problems.
Eastern DuPage County	Is served along its major north-south corridor by Route 83, which has varying road widths and access control conditions.
On the Near North Side of Chicago	Access to and egress from the Kennedy Expressway is via Ohio and Ontario Streets. This configuration was originally planned as a temporary situation.
North Lake Shore Drive	Provides a highly congested rush hour route along narrow lanes, sharp curves and short access ramps.
Northern DuPage County	East-west travel is expected to exceed the capacity of the road system, even with the proposed Elgin-O'Hare expressway in place.
Schaumburg Area of Northwest Cook County	Currently has minor congestion problems, but is forecast as the most serious capacity deficient area in the region for the Year 2000 due to anticipated population and employment growth.
Crosstown Corridor in Chicago	Running north-south through the city, the crosstown corridor near Cicero Avenue had been proposed for an expressway since the early 1960s. Proposed enhancements to this corridor could relieve congestion and revitalize the area.

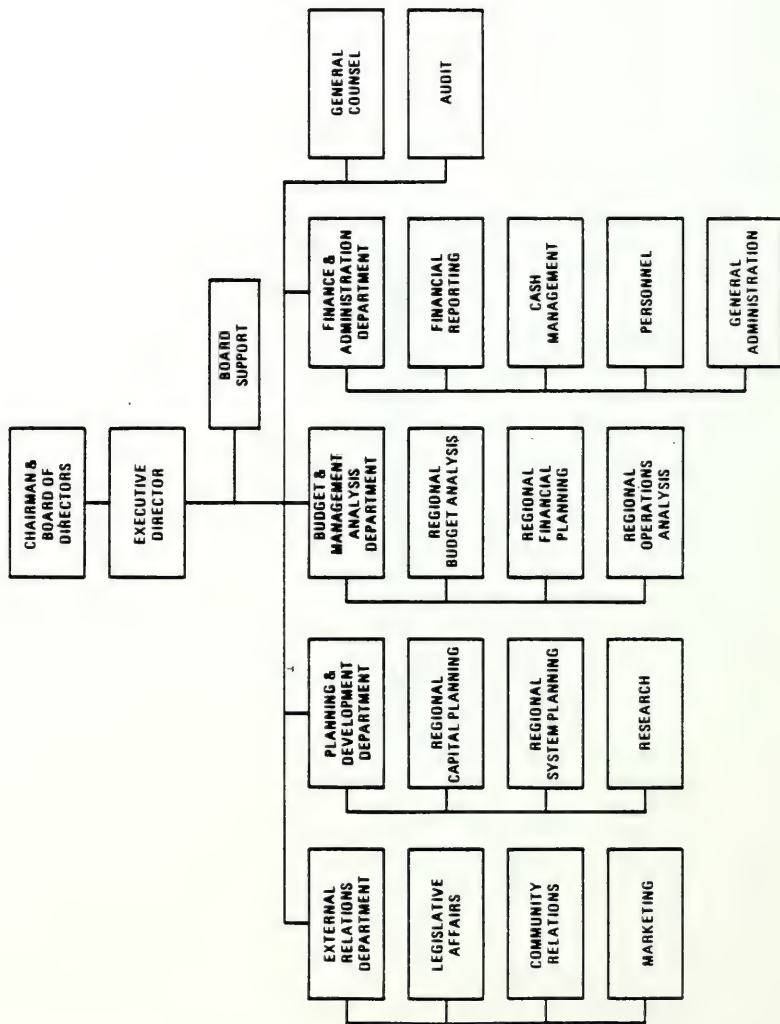
1.3 Management and Investment Trends . . . Transportation Investment Plans

INVESTMENTS INTO THE ARTERIAL ROADWAY SYSTEMS ARE EXPECTED TO ALLEVIATE PRESENT AND FUTURE CONGESTION PROBLEMS

- . The total capacity deficiency without investment for the Year 2000 would create 675,000 excess vehicle miles.
- . Arterial capacity improvements have limited financial resources available. Nonetheless, 100,000 vehicle miles could be eliminated if fund allocations are made to deficient areas (Exhibit 1-21).

2. PUBLIC TRANSPORTATION ENVIRONMENT

EXHIBIT 2-1
 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
 RTA Functional Organization Chart
 October 1985



2.1 RTA As A Unit of Service . . . Organization

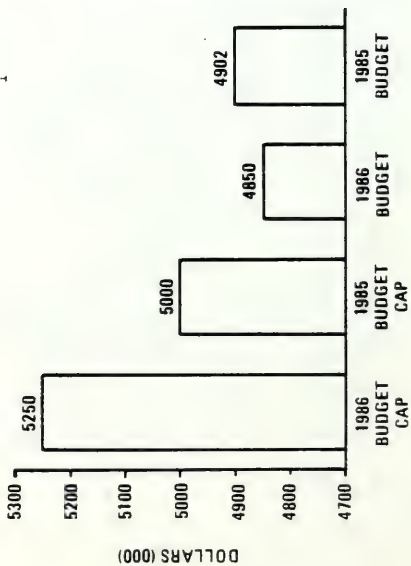
THE RTA STAFF COMPLEMENT OF 78 STAFF IS ORGANIZED INTO FIVE MAJOR UNITS REPORTING TO THE EXECUTIVE DIRECTOR (EXHIBIT 2-1). STAFF REDUCTIONS WERE MADE IN 1985 AND CONTINUED INTO THE 1986 BUDGET

- Total staff complement reduced during 1985 from 91 to 78
- Executive and Board Support group reduced from 18 to 12 for the 1986 budget
- Planning and Development Department reduced from 16 to 14
- Finance and Administration Department increased from 20 to 21
- External Relations Department remains constant at 14
- Budget and Management Analysis Department reduced from 23 to 17.

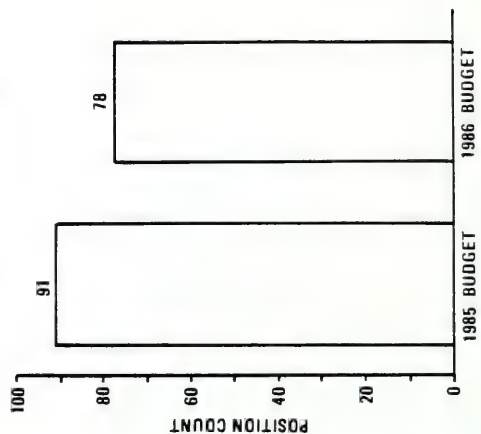
EXHIBIT 2-2 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

RTA Budget Levels

TOTAL ADMINISTRATIVE BUDGET
RTA



AUTHORIZED
ADMINISTRATIVE POSITIONS



2.1 RTA As A Unit of Service . . . Budget

THE ADMINISTRATIVE BUDGET WAS CONSTRAINED TO THE STATUTORY LIMITS IN THE LEGISLATION, AND OVERALL 1986 BUDGET LEVELS WERE REDUCED (EXHIBIT 2-2)

- Total budget of \$6.06 million, less allowable portions to service boards, results in 1986 budget of \$4.85 million for administrative costs.

- Allowable budget items include:

- Regional capital planning
- External relations
- Marketing

2.2 CTA Environment . . . Overview

THE CHICAGO TRANSIT AUTHORITY (CTA) HAS SERVED THE CITY AND ADJOINING SUBURBS FOR THIRTY-EIGHT YEARS

- . CTA created through State Legislation in 1945.
- . Service operation began in 1947 through acquisition of private bus and rail operators.
- . Full responsibility for all Chicago transit services was established in 1952 through the acquisition of the last private bus operator.
- . Provides 7 day per week 24-hour transit service over 133 bus routes and 6 rapid rail lines.
- . CTA currently operates 2,275 buses and 1,200 railcars
- . Current annual operating budget is \$595 million, with 12,000 employees

2.2 CTA Environment . . . Organization

THE ORGANIZATIONAL STRUCTURE CONCENTRATES WIDE-RANGING RESPONSIBILITIES AT THE EXECUTIVE DIRECTOR POSITION (EXHIBIT 2-3)

. Operation of the CTA is directed by the seven-member Chicago Transit Board:

- Four appointed by Mayor of Chicago
- Three appointed by Governor
- Chairman elected by fellow board members.

. Executive Director plus three departments report directly to CTA Board.

. All remaining departments and divisions report to Executive Director:

- Deputy Executive Directors (6)
- Managers (3)
- Associate General Attorney (2)

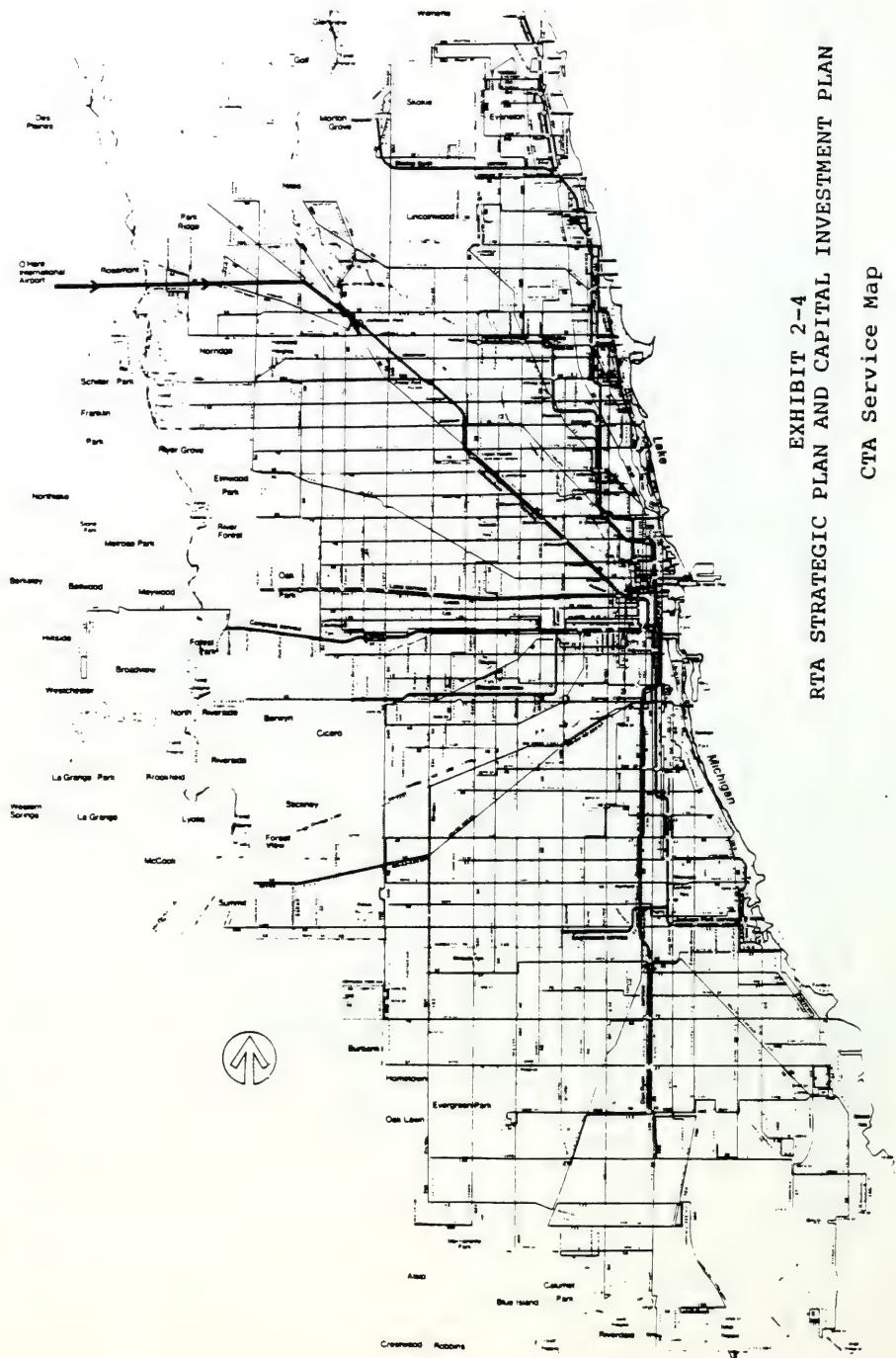


EXHIBIT 2-4
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
CTA Service Map

2.2 CTA Environment . . . Service Description

THE CTA MANAGEMENT TEAM DIRECTS BUS AND RAIL TRANSIT SERVICE TO THE CITY OF CHICAGO AND 36 ADJOINING COOK COUNTY SUBURBS (EXHIBIT 2-4)

- . Total employment of 12,000 workers - - 1985.
- . Bus service characteristics:
 - Revenue fleet of nearly 2,300 vehicles
 - Fixed route service on 133 individual routes
 - Demand responsive service for elderly/handicapped.
- . Rapid rail service characteristics:
 - Revenue fleet of 1,200 vehicles
 - Six rapid rail lines
 - 97.5 miles of right-of-way over various track structures serving 143 station stops.
- . This product mix provided transit service to over 635 million passenger trips in 1984.

EXHIBIT 2-5 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Five-Year Financial Summary - Chicago Transit Authority

	C a l e n d a r Y e a r					
	1980	1981	1982	1983	1984	1985(P)
	(\$ in Millions)					
Operating Expenses	\$514.3	\$539.1	\$493.8	\$511.0	\$540.7	\$595.6
Debt Service						\$566.2
Other Costs	1.0	0.8	17.8	6.8	1.8	1.7
Total System Expenses	\$515.3	\$539.9	\$511.6	\$518.6	\$542.5	\$597.3
System-Generated Revenue	\$216.7	\$269.4	\$271.4	\$269.0	\$299.0	\$288.3
Public Funding Requirement	\$297.6	\$269.7	\$222.4	\$242.6	\$241.7	\$307.3
Annual Recovery Ratio(2)	42.1%	50.0%	55.0%	52.6%	55.3%	48.4%

(1) Adopted budget estimates.

(2) Ratio represents the individual year's performance without use of carryover, computed by dividing system generated revenue by operating expenses.

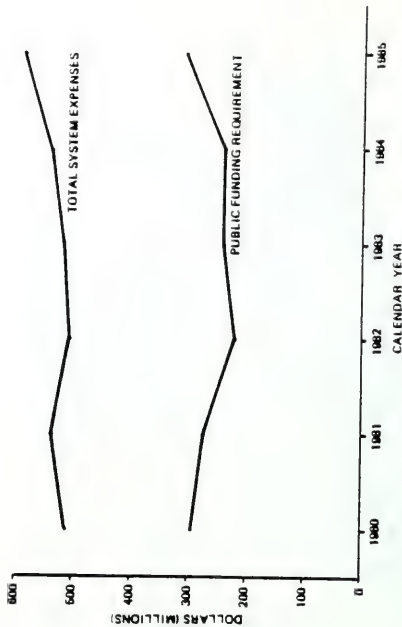
(3) Includes a one-time revenue amount of \$11 million resulting from dissolution of the CUTO.

(4) Includes the resumption of pension funding suspended during 1981-1984 at \$10 million and an increase in damage reserve for insurance claims of \$4.5 million.

(5) As estimated by CTA in 1986 Budget Documents.

(6) Public funding requirement for operations computed as operating expenses - system generated revenue.

SOURCE: CTA Budget Department.



FUNDING AND EXPENSE TRENDS

2.2 CTA Environment . . . Financial Performance

DURING THE MOST RECENT FIVE-YEAR PERIOD (1980-1984), THE CTA FINANCIAL PERFORMANCE HAS BEEN HIGHLIGHTED BY A RETRENCHMENT FORCED BY THE FINANCIAL CRISIS IN THE SPRING OF 1981 (EXHIBIT 2-5)

- . Between 1981 and 1982, operating expenses were reduced 8 percent - - from \$539.1 million to \$493.8 million while public funding requirement fell from a high in 1980 of almost \$300 million to a low in 1982 of \$222 million.
- . Since 1983, public funding requirement has resumed an upward trend due both to service restorations and cost increases.
- . Operating expenses for 1985 are budgeted to be 10 percent higher than 1984 and 21 percent higher than 1982. Several factors have contributed to the increase in costs:
 - Increase in electrical power costs of \$4.6 million, or 32 percent, from 1982 to 1984;
 - Resumption of pension funding at \$10 million per year in 1984; and
 - \$4.5 million increase in damage reserve for insurance claims in 1984.

2.2 CTA Environment . . . Financial Performance

DURING THE 1980-1984 PERIOD, THE CONTROL OVER SYSTEM EXPENSES, COMBINED WITH THE IMPROVED FARE REVENUE RESULTED IN AN INCREASED SYSTEM RECOVERY RATIO. THE ADOPTED 1985 BUDGET INCLUDED A DECREASE IN ANNUAL RECOVERY RATIO (WITHOUT CARRYOVER) FROM 55.3 PERCENT TO 48.4 PERCENT; HOWEVER, ANNUAL RECOVERY RATIO IS EXPECTED TO BE 49.8 PERCENT BASED ON YEAR-TO-DATE FINANCIAL PERFORMANCE

. The upward trend in public funding requirement is especially evident in the 1985 budget estimates of public funding requirement of \$307 million - - an increase of over 27 percent from 1984. Several factors have influenced this rise:

- A one-time revenue windfall of \$11 million in 1984 resulting from the CUTD phase-out which reduced the 1984 public funding requirement; and
- Uncontrollable, but recurring, cost increases in 1985 over 1984 noted above.

. However, actual financial data through August of 1985 show a favorable performance against budget - - CTA's projection of 1985 results indicate that public funding requirement will be \$293.5 million, a \$13.8 million reduction from the 1985 budget.

2.2 CTA Environment . . . Financial Performance

SYSTEM RECOVERY RATIO (Continued)

- . System revenue remained relatively constant at approximately \$270 million during the three middle years (1981-1983) with an increase to \$299 million in 1984 (including the \$11 million CUTD revenue windfall).
- . The farebox revenue increase has been a direct result of increased ridership. - fare structure has remained static.
- . The annual recovery ratio increased from 42 percent in 1980 to 55 percent in 1984, but is estimated to decline to 48 percent in 1985 (excluding carryover)

EXHIBIT 2-6
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

CTA FARE POLICY SINCE OCTOBER 1981

<u>Fare Category</u>	<u>Full Fare</u>	<u>Reduced Fare</u>
Cash Fares		
Basic Fare (Single Trip)	\$ 0.90	\$ 0.40
Transfer	0.10	0.10
Downtown Shuttle	0.60	0.40
Prepayment Plans		
Monthly Pass	\$40.00	\$18.00
Tokens	10/\$ 8.50	10/\$ 4.00
Special Fares		
Express Service	\$1.00	\$0.50
Local Suburban	0.60	0.25
Sunday/Holiday Supertransfer	1.40	0.70

2.2 CTA Environment . . . Fare Policy

THE CTA FARE POLICY IS STRUCTURED AROUND A FLAT FARE SYSTEM WITH A LOW COST TRANSFER, AT RATES WHICH HAVE BEEN IN EFFECT SINCE 1981 (EXHIBIT 2-6)

- There are two main ridership classifications covering the wide range of CTA fare categories:

- Full Fare - adult passenger not entitled to the reduced fare
- Reduced Fare - children between ages 7 and 11, students, senior citizens, handicapped, and group riders.

- The basic cash fare rates for a single trip:

- \$.90 full fare
- \$.40 reduced fare
- \$.10 transfer

- The other cash fare category, currently \$.60, is for the downtown shuttle services connecting the commuter rail terminals with the central business district area of downtown Chicago.

2.2 CTA Environment . . . Fare Policy

THE CTA ALSO HAS A PREPAYMENT PROGRAM OF MONTHLY PASSES AND TOKENS

- . Monthly passes cover unlimited riding on all CTA vehicles for a calendar month.
- . Monthly pass cost is equivalent to 20 round-trips in travel value.
- . Tokens are available in packs of ten for \$8.50 in the full fare class, and \$4.00 in the reduced fare class.



2.2 CTA Environment . . . Fare Policy . . .

IN ADDITION, THE CTA HAS FARE POLICIES FOR UNIQUE SERVICES AND PASSENGERS

- . There are three special fare categories for specific services:
 - Express bus service and Evanston express rapid transit service are surcharged \$0.20 per trip outbound from the CBD
 - - effectively a \$0.10 a trip increase to \$1.00 fare.
 - Local riders in certain suburban districts have lower rates.
 - A Sunday/Holiday Supertransfer fare permits unlimited riding.
- . Certain passengers are permitted free ridership under given conditions:
 - Children under 7 accompanied by fare rider
 - CTA employees and pensioners
 - Chicago and suburban police and fire personnel
 - Chicago and suburban health department personnel
 - Chicago and Oak Park crossing guards
 - RTA employees.
- . Free ridership may lose revenue for the system, but is justified by the CTA as:
 - A historically negotiated compensation benefit to employees and pensioners
 - A security benefit to the CTA system and riders.

2.2 CTA Environment . . . Fare Policy

CTA FARE COLLECTION METHODS VARY BETWEEN THE BUS AND RAIL SYSTEMS

- . Bus drivers collect passenger fares - - exact fares are required
- . Fare collection procedures on the rapid rail system depend on passenger and service levels.
- Station agents collect the majority of passenger fares, controlling station access through agent booths.
- On-board fare collection during off-peak hours :
 - .. Conductors collect fares from riders boarding at lightly used stations.
 - .. Evanston and Skokie Swift train operators collect fares at each station stop.
- . All revenue is assembled, counted and deposited through the CTA Finance Division.

EXHIBIT 2-7
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Five-Year Employment Summary
Chicago Transit Authority

	C a l e n d a r Y e a r				
	1980	1981	1982	1983	1984
Employment Levels (2)					1985 (1)
• Administrative	1,226	1,139	943	929	992
• Bus	8,148	7,809	7,620	7,415	7,446
• Rail	3,939	3,826	3,653	3,726	3,731
TOTAL	13,313	12,774	12,216	12,070	12,169
					11,942

(1) Adopted budget estimates.

(2) Employment levels at year-end (Period 12); except 1985 (Period 4).

SOURCE: CTA Budget Department and CTA Human Resources Department.

2.2 CTA Environment . . . Employment Characteristics

THE CTA EMPLOYMENT LEVELS REFLECT THE RETRENCHMENT AND CONTROL TRENDS IN THE 1980-1985 PERIOD (EXHIBIT 2-7)

- . Employment levels have steadily decreased - - by 1,371 employees from 1980 to 1985 (10 percent).
- . Employment has been segmented by bus and rail modes with administrative personnel allocated on a proportional basis.
 - Bus services have reduced personnel requirements by over 1,000 (11.2 percent), while rail reduced employment by almost 370 (8.5 percent).
 - Administrative employees have been reduced 20 percent, while operating employees have declined 10 percent.
- . However, employment levels have increased recently between Period 4 and Period 10, 1985
 - Total CTA increased 246 employees
 - Administrative staff increased 30 employees.

EXHIBIT 2-8
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Five-Year Service and Ridership Summary
Chicago Transit Authority

	C a l e n d a r Y e a r				
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
					<u>1985(1)</u>
Active Vehicle Fleet					
• Bus	2,420	2,442	2,298	2,317	2,317
• Rail	1,100	1,100	1,126	1,200	1,200
Revenue Vehicle Miles (2)					
• Bus	87.7	85.9	80.4	78.3	76.1
• Rail	49.6	48.5	45.9	48.1	47.5
TOTAL	137.3	134.4	126.3	126.4	123.6
Passenger Trips (Unlinked)(2)					
• Bus	537.7	492.6	467.1	464.5	482.2
• Rail	155.4	150.2	147.0	146.9	153.1
TOTAL	693.1	642.8	614.1	611.4	635.3
					<u>636.6</u>

(1) Approved budget estimates.

(2) Annual statistics in millions.

SOURCE: CTA Budget Department.

2.2 CTA Environment . . . Service and Ridership Levels

BOTH BUS AND RAIL SERVICE LEVELS HAVE BEEN ADJUSTED IN RELATION TO OPERATING FUNDS AND RIDERSHIP TRENDS (EXHIBIT 2-8). AS FARES WERE INCREASED, SERVICE WAS ADJUSTED TO MEET RIDERSHIP DECLINES

- . The bus fleet has been reduced slightly (100 vehicles) reflecting a reduction in ridership and the amount of bus service provided.
- . The rail fleet has increased slightly due to the extension of the Northwest Line into O'Hare Airport.
- . The level of bus service has decreased at a higher rate than the bus ridership.
 - Bus miles have declined from 87.7 million miles in 1980 to a projected 76.0 million miles in 1985 - a 13 percent reduction.
 - Bus ridership has declined almost 10 percent during this same period.
- . Rail service systemwide has only slightly decreased, even though service has been extended to O'Hare Airport.
 - Rail vehicle miles had declined 7.5 percent to 1982, but increased for the service extension, resulting in an overall 1.6 percent reduction in service.
 - The rail system ridership dropped 5.5 percent between 1980 and 1983, but rose 4.2 percent between 1983 and 1984.
- . For the twelve months through August of 1985, rail ridership is up 2.6 percent and bus ridership is up 1.4 percent from comparable prior period.

2.2 CTA Environment . . . Performance Trends

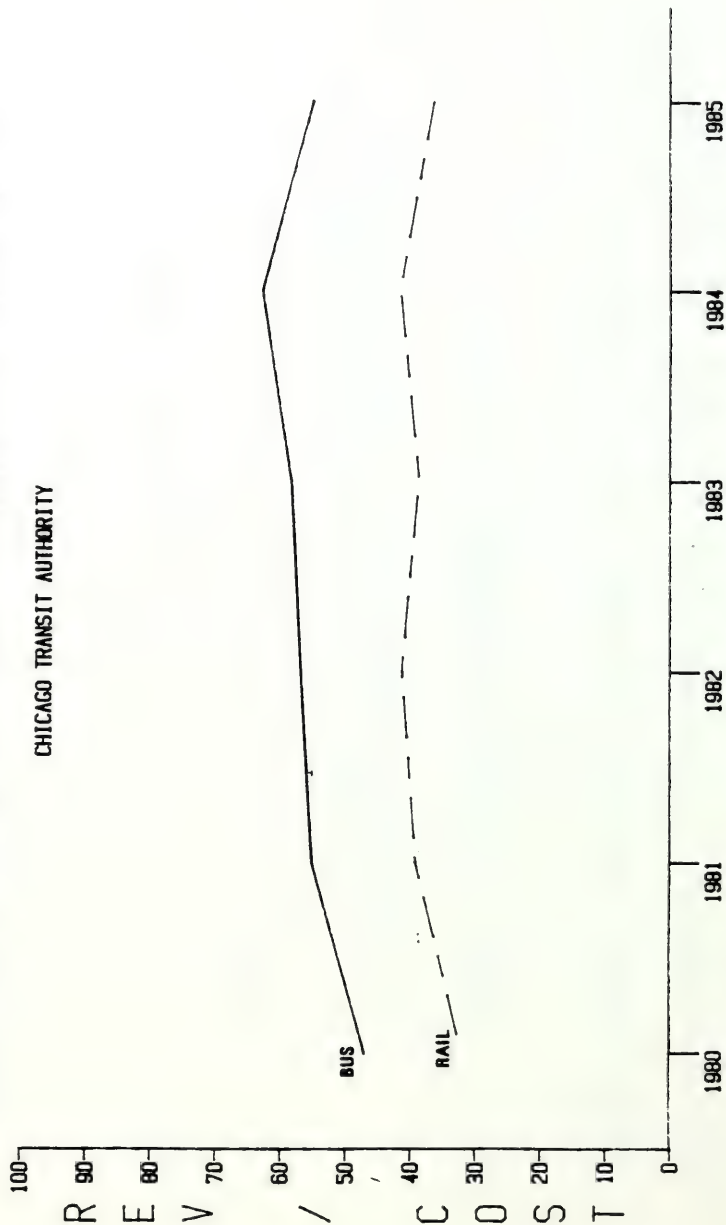
IMPORTANT ISSUES, ASSUMPTIONS, AND SOURCES FOR THE CTA PERFORMANCE INDICATOR ANALYSIS INCLUDE:

- . Financial and operating statistics used to calculate the performance indicators are for 52-week years.
- . The allocation of revenue between bus and rail is based on trip components on each mode. The allocation of administrative costs to each mode (bus and rail) was provided by CTA.
- . Debt service and other costs have been included where funded through the operating budget.
- . Financial data was provided by the CTA Budget Department.

EXHIBIT 2-9
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

HISTORICAL TREND - SYSTEM REVENUE TO COST RATIO

CHICAGO TRANSIT AUTHORITY



FIVE - YEAR TREND PERIOD

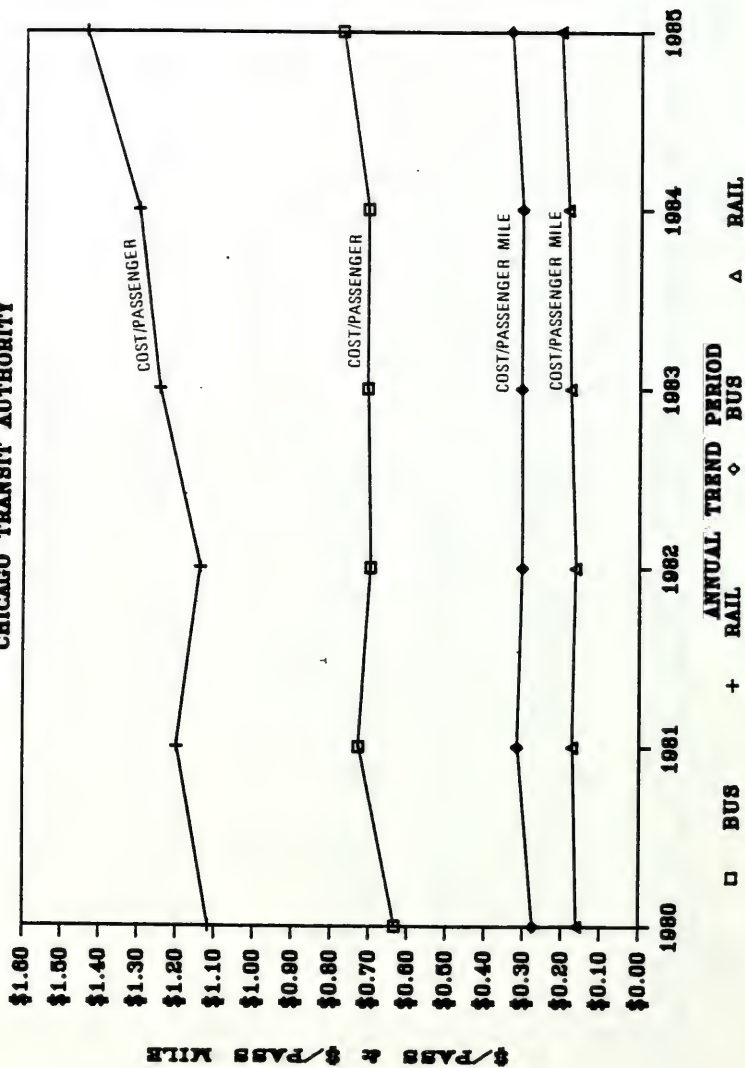
2.2 CTA Environment . . . Performance Trends - Revenue-to-Cost Ratio

CTA BUS SERVICE HAS A CONSISTENTLY HIGHER RECOVERY RATIO THAN THE RAIL SERVICE, BUT BOTH ARE DECLINING IN 1985 (EXHIBIT 2-9)

- . Bus service has improved from a 1980 recovery ratio of 47 percent to a 1984 ratio of almost 63 percent.
- . Rail service has also improved during this same period from 32 percent to almost 42 percent.
- . Both service modes have projected a significant decline in recovery ratio in the 1985 budget:
 - Bus to 55 percent
 - Rail to 36 percent
- . Interpretation of bus and rail revenue to cost performance depends on the process for identifying revenue by mode.

EXHIBIT 2-10
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

PASSENGER COST TRENDS CHICAGO TRANSIT AUTHORITY



2.2 CTA Environment . . . Performance Trends - Cost per Passenger

RAIL SERVICE HAS A HIGHER COST PER PASSENGER TRIP THAN BUS SERVICE AND THE COST DIFFERENTIAL IS WIDENING (EXHIBIT 2-10)

. Except for the increase from 1980 to 1981, bus cost per passenger has been flat - - actually decreasing when inflationary effects are considered.

. Rail service has been increasing from \$1.12 (1980) to \$1.30 (1984) - - a 16 percent increase which was still less than the local inflationary effects (Chicago CPI increase was 19 percent for the same time period).

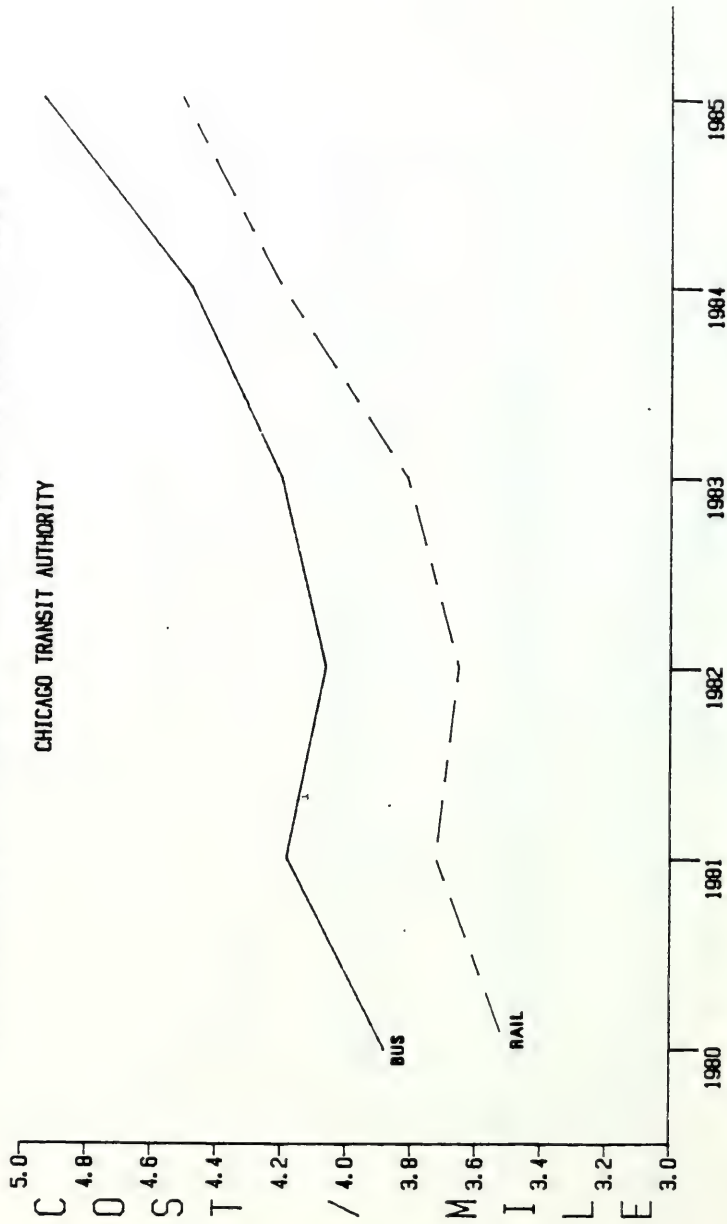
. The 1985 budget projects increases in cost per passenger on both modes which are higher than current CPI growth of 6.7 percent

- Bus, 10 percent
- Rail, 11 percent

EXHIBIT 2-11
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

HISTORICAL TREND - COST PER VEHICLE MILE

CHICAGO TRANSIT AUTHORITY



FIVE - YEAR TREND PERIOD

2.2 CTA Environment . . . Performance Trends - Cost per Vehicle Mile

THE TOTAL COST PER VEHICLE MILE (CAR MILE FOR RAPID TRANSIT) SHOWS AN INCREASING TREND FOR BOTH MODES (EXHIBIT 2-11)

- Bus service cost per mile has increased 27 percent between 1980 and 1985 (budgeted)

- Rail service cost per mile has increased 29 percent between 1980 and 1985 (budgeted)

- Bus service, as expected, has a higher cost per vehicle mile than rail.

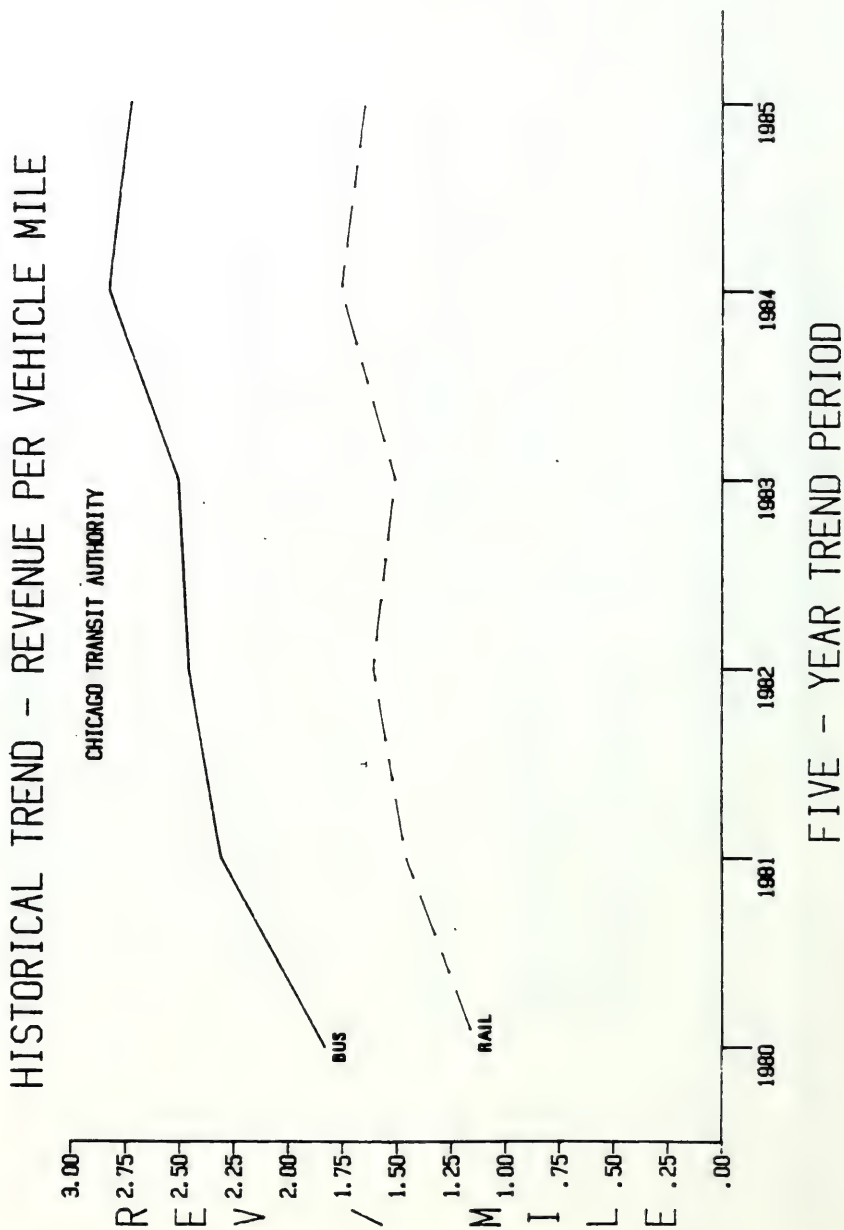
- Rail service cost per mile has increased more rapidly than bus service cost per mile.

- A major contributor to this fact is that the cost of electric power has increased from 22.4¢ per mile to 44.1¢ per mile (97 percent) from 1980 to 1985.

- If power costs were factored out, other rail costs grew at a lower rate than bus - - from \$3.28 per mile to \$4.07 per mile, or 24 percent.

- Conversely, factoring out fuel costs per mile (which have only grown by 4 percent) would show remaining bus cost increasing by 29 percent.

EXHIBIT 2-12
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN



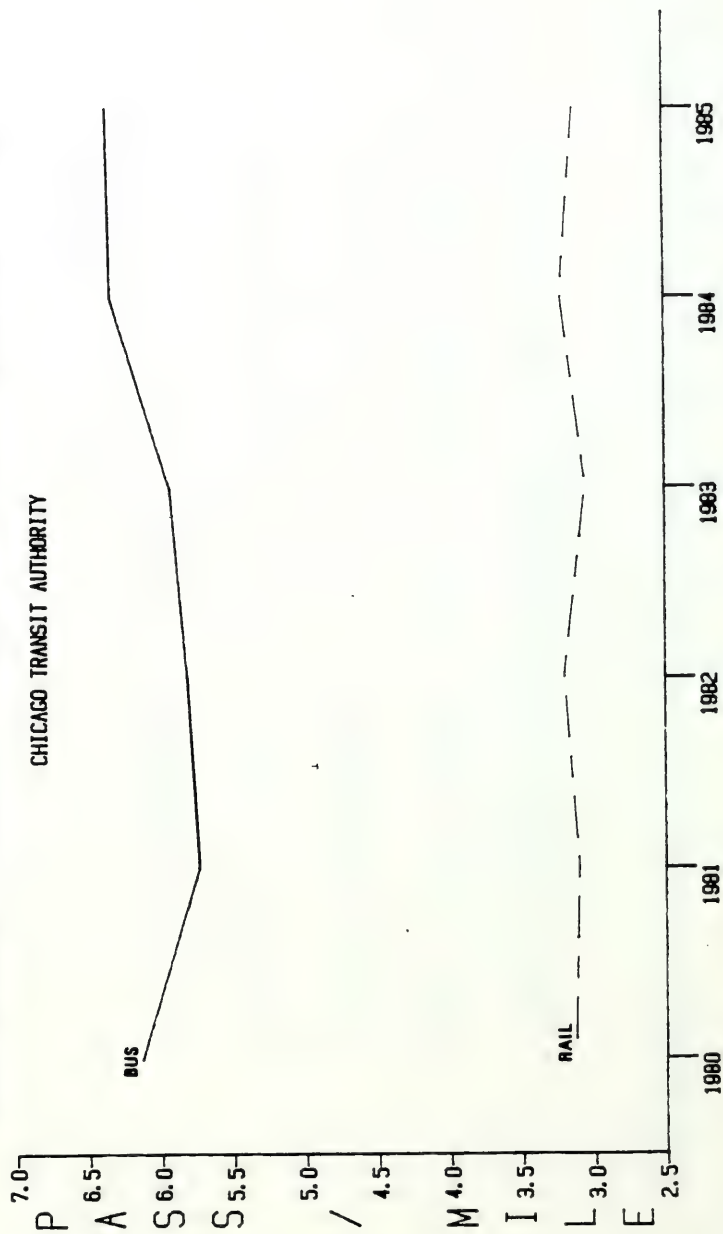
2.2 CTA Environment . . . Performance Trends - Revenue per Vehicle Mile

THERE HAS BEEN IMPROVEMENT IN REVENUE PER VEHICLE MILE FOR BOTH BUS AND RAIL MODES (EXHIBIT 2-12)

- . The bus network has consistently produced a higher revenue per vehicle mile than the rapid rail system.
- . Fare increases in 1981 account for the improvement in 1981 and 1982.
- . Ridership increases in 1982 through 1984 account for the improvement in these years.
- . Reductions in vehicle miles for both modes (especially bus) have improved (increased) this indicator.
- . Revenue per vehicle mile is expected to decline in 1985 by 4 percent on the bus system and 6 percent on rail.

EXHIBIT 2-13
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

HISTORICAL TREND - PASSENGERS PER VEHICLE MILE



FIVE - YEAR TREND PERIOD

2.2 CTA Environment . . . Performance Trends - Passengers per Vehicle Mile

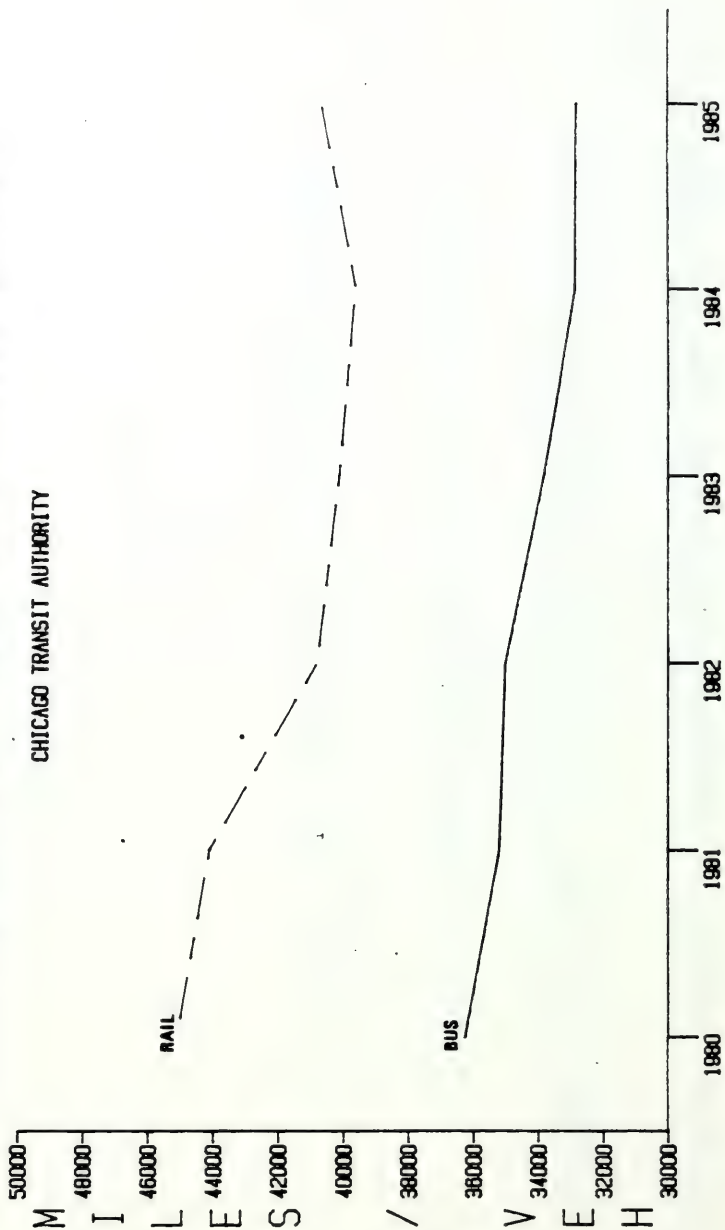
BUS SERVICE DEMONSTRATES A POSITIVE TREND IN PASSENGERS PER VEHICLE MILE, WHILE RAIL MODE SHOWS MODEST SLIGHT IMPROVEMENT (EXHIBIT 2-13)

• Bus service has improved from a low point of 5.7 passengers per mile in 1981 to almost 6.4 in 1985.

• Rail service has been relatively flat but is expected to decline by 3 percent in 1985, which may be a result of the O'Hare extension.

EXHIBIT 2-14
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

HISTORICAL TREND - REVENUE MILES PER VEHICLE



FIVE - YEAR TREND PERIOD

2.2 CTA Environment . . . Performance Trends - Revenue Miles per Vehicle

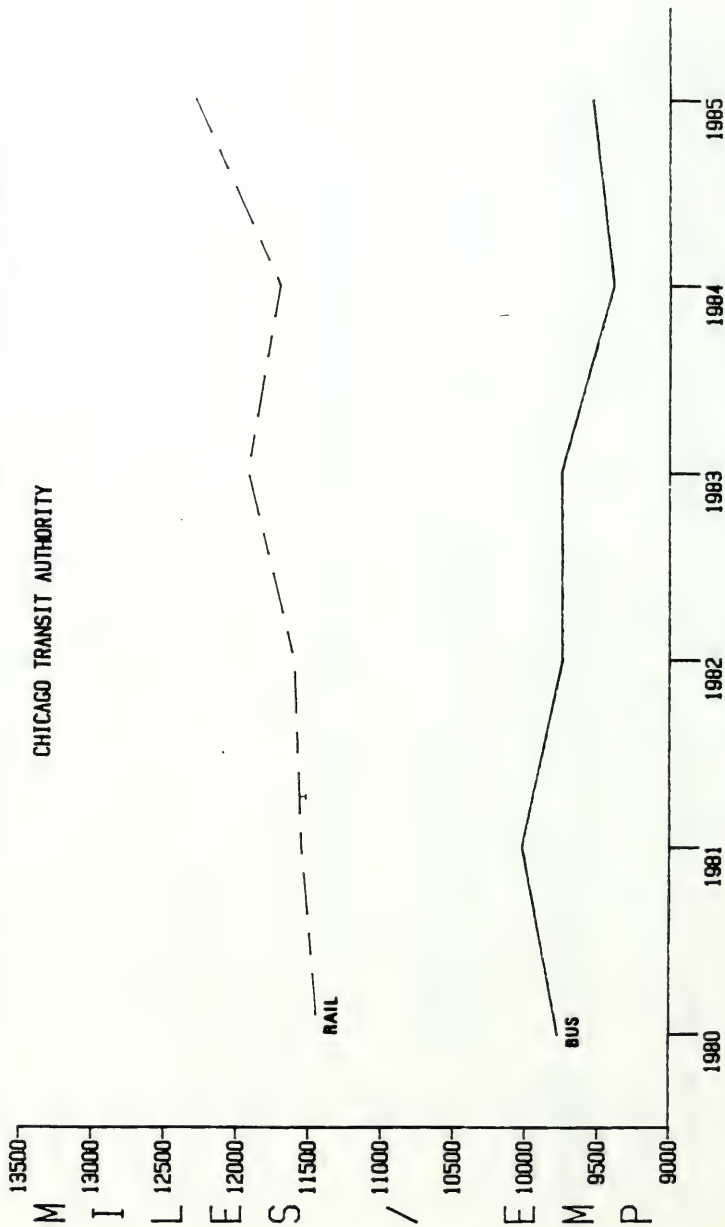
A DOWNWARD TREND IN EQUIPMENT UTILIZATION HAS OCCURRED ON BOTH THE BUS AND RAIL FLEETS (EXHIBIT 2-14)

- Revenue miles per bus have declined 9.5 percent reflecting primarily lower scheduled miles/day and active vehicles/total fleet ratios.
- Revenue miles per rail car declined 12 percent through 1984 as a result of a 4 percent reduction in miles operated while the fleet was expanded 9 percent.
- A 3 percent increase can be observed for rail in 1985 primarily because of O'Hare service.

EXHIBIT 2-15
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

HISTORICAL TREND - VEHICLE MILES PER EMPLOYEE

CHICAGO TRANSIT AUTHORITY



FIVE - YEAR TREND PERIOD

2.2 CTA ENVIRONMENT . . . Performance Trends - Vehicle Miles per Employee

EMPLOYMENT UTILIZATION HAS BEEN INCREASING ON RAIL SERVICE, WHILE BUS HAS BEEN SLOWLY DECLINING (EXHIBIT 2-15)

- Employment utilization is consistently higher on rail than bus because of the nature of the modes.
- Rail service vehicle miles per employee has increased 7.5 percent between 1980 and 1985.
- Bus vehicle miles per employee in 1980-1985 decreased 2.4 percent.
- Between 1980 and 1981, but vehicle miles increased 2.5 percent; since 1981 bus vehicle miles per employee have declined 4.8 percent.

EXHIBIT 2-16
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
Change in Top Operator Wage Rate and Increase
1979 - 1984

<u>City and System</u>	<u>December 1984</u>	<u>December 1979</u>	<u>% Increase 1979-1984</u>
Chicago (CTA)	\$13.19	\$10.82	21.9%
Los Angeles (SCTD)	12.72	9.06	40.4%
New York (NYCTA)	11.99	8.08	48.4%
Philadelphia (SEPTA)	10.45	7.63	37.0%
Three System Average	11.72	8.26	41.9%

2.2 CTA Environment . . . Labor Conditions

THE CTA CONTINUES TO HAVE THE HIGHEST WAGE RATES AMONG THE LARGEST TRANSIT SYSTEMS IN THE COUNTRY (EXHIBIT 2-16)

- . During both December 1984 and 1979, the CTA top operator wage rates were higher than comparable transit operators
 - 12.5 percent higher than the three-system average in 1984
 - 31.0 percent higher than the three-system average in 1979.
- . There has been a reduction in the differential between the CTA and other major systems
 - CTA wage rates increased 21.9 percent (1979-1984)
 - Major system average increased 41.9 percent (1979-1984)

2.2 CTA Environment . . . Labor Conditions

THE AMALGAMATED TRANSIT UNION REPRESENTS THE SIGNIFICANT MAJORITY OF CTA EMPLOYEES

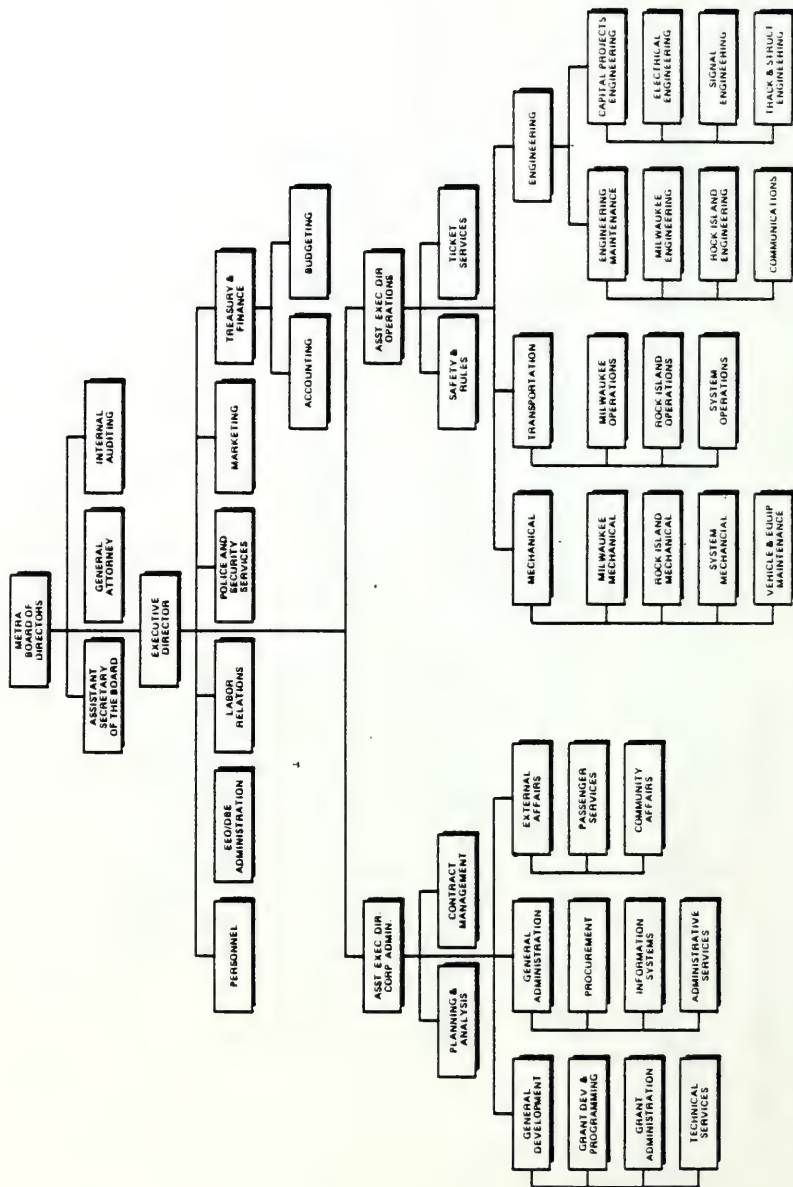
- Recent collective bargaining agreement history includes:
 - Wage and working conditions agreement, December 1979-November 1982
 - Amendment and extension agreement, February 1982-November 1984
 - November 1985 agreement reached:
 - .. One year wage freeze - - December 1984-December 1985
 - .. Pay increases - - \$0.31/Hour, December 1985;
\$0.30/Hour, June 1986
 - .. Elimination of cost-of-living provision as per RTA legislation
 - .. Lump sum payments, up to \$600, to each employee
- Labor implications of the new RTA legislation include:
 - Elimination of cost-of-living clause
 - Did not prohibit the use of part-time drivers.

2.3 CRD Environment . . . Overview

THE COMMUTER RAIL DIVISION (CRD) WAS FORMALLY ESTABLISHED AS A DIVISION OF THE RTA IN NOVEMBER 1983 WITH THE PASSAGE OF THE REGIONAL TRANSPORTATION AUTHORITY AMENDATORY ACT

- The Northeastern Illinois Railroad Corporation (NIRC) became the operational arm of CRD with the passage of the act.
- The CRD is responsible for setting commuter rail fares and schedules and maintaining the facilities, track and vehicles required to provide service.
- The CRD provides seven day per week passenger rail service through direct operation of the Milwaukee Road and Rock Island lines and supervision of purchase-of-service agreements (PSAs) with five other railroads:
 - Burlington Northern
 - Chicago & Northwestern
 - Illinois Central Gulf
 - Norfolk & Western
 - Chicago South Shore and South Bend

Current Metra Organization

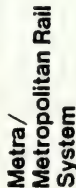


2.3 CRD Environment . . . Organization

THE CRD ORGANIZATIONAL STRUCTURE CHANNELS THE MAJORITY OF REPORTING RESPONSIBILITIES INTO THE EXECUTIVE DIRECTOR POSITION, PARTICULARLY THROUGH THE ASSISTANT EXECUTIVE DIRECTORS OF CORPORATE ADMINISTRATION AND OPERATIONS (EXHIBIT 2-17)

- CRD operations are directed by a seven-member Commuter Rail Service Board
 - 3 appointed by Suburban Cook County Board Commissioners
 - 2 appointed by Lake/Kane/McHenry/Will County Board Chairmen
 - 1 appointed by DuPage County Board Chairman
 - 1 appointed by Mayor of Chicago, with advice and consent of City Council.
- The Executive Director is one of four positions reporting directly to the Board. The Executive Director is responsible for overall operation of CRD with all other departments and divisions reporting to him through two Assistant Executive Directors.
- Assistant Executive Directors are the focal point for daily operations and management
 - Operations employs 890 people (77 percent) to operate the Milwaukee Road and Rock Island lines and provides capital projects engineering for all railroads.
 - Corporate Administration employs 134 people (12 percent) to administer systemwide responsibilities and monitor PSAs with five contract carriers.

Metra/Metropolitan Rail System



2.3 CRD Environment . . . Service Description

THE CRD STAFF SUPERVISES COMMUTER RAIL SERVICE TO OVER 100 COMMUNITIES IN THE NORTHEASTERN ILLINOIS REGION (EXHIBITS 2-18 AND 2-19)

- CRD and the five contract carriers operate diesel or electric service over thirteen lines

- Total route mileage of 500 miles includes 1,200 track miles
- 230 stations are served with five located in the Chicago CBD:

..	Chicago Union Station
..	LaSalle Street
..	Madison Street
..	Randolph Street
..	Van Buren Street

- A total of 3,457 revenue trains operate each week with a fleet of 128 locomotives, 658 unpropelled cars, and 209 self-propelled cars.

- The system has carried an average of 5.335 million passengers per month in 1985 -- over 62 million passenger in 1984.

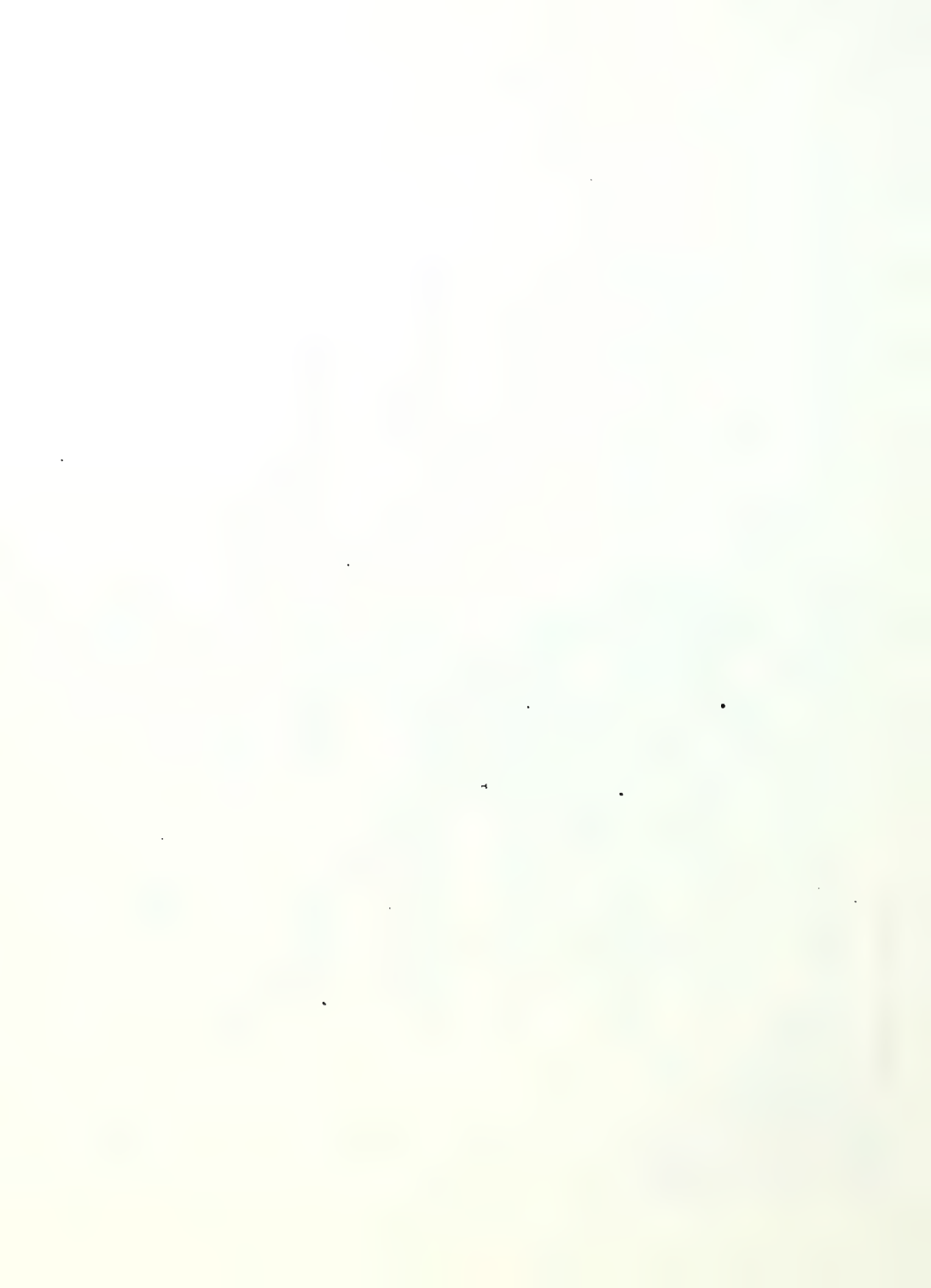


EXHIBIT 2-19
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
Current Commuter Rail Line Profiles

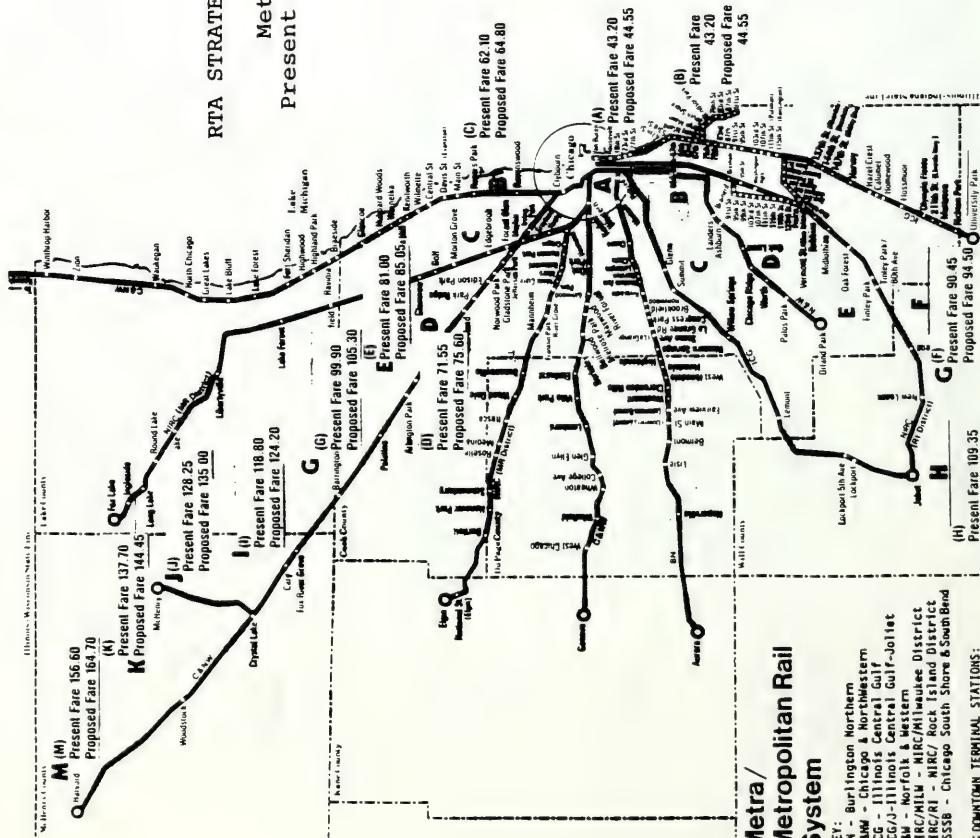
<u>Railroad</u>	<u>Line</u>	<u>Route Miles</u>	<u>Track Miles</u>	<u>Station (4) Stops</u>	<u>1985 Average Monthly Ridership (1)</u>
BN	Main	38.0	145.6	26	1,013,000
CNW	North	51.6	107.5	26	502,000
	Northwest (2)	67.6	166.5	22	745,000
	West	35.5	128.0	17	580,000
		154.7	402.0	62 (4)	1,827,000
CSSSB	Main (2)	73.6	91.0	25	240,000 (3)
ICG	Main	31.5	108.4	34	742,000
	Blue Island	4.4	5.0	7	47,000
	S. Chicago	4.7	11.3	8	119,000
	Joliet	37.2	78.0	8	30,000
		77.8	202.7	56 (4)	938,000
N&W	Main	23.6	38.6	8	87,000
MILW	North	49.5	104.3	19	337,000
	West	31.2	65.5	22	363,000
		80.7	169.8	39 (4)	700,000
RI	Main	40.2	-	13	-
	Beverly Branch	6.6	-	11	-
		46.8	144.6	24	530,000
SYSTEM TOTAL		495.2	1,194.3	230	5,335,000

- (1) Six month period, January-June 1985.
 (2) Route & track miles adjusted to avoid double counting.
 (3) Estimate for total CSSSB ridership; METRA provides 18% of CSSSB subsidy.
 (4) Station stops adjusted to avoid double counting.

SOURCE: METRA System Description Report, Preliminary 1986 Budget.

EXHIBIT 2-20 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Metra System Fare Zones and Present and Proposed Monthly Ticket Prices



2.3 CRD Environment . . . Fare Policy

THE CRD MAINTAINS THE UNIFORM FARE ZONE STRUCTURE ORIGINALLY INSTITUTED BY THE RTA IN 1976 TO COORDINATE FARE POLICY (EXHIBIT 2-20)

- Lines are divided into five-mile zones based on distance from the CBD, except for the CSSB which varies from 7 to 12 miles
- Zones are coded by letter or number (CSSSB, ICG electric lines) for ticketing
- Passengers pay a base fare plus incremental fare
 - The base fare is charged for trips which originate and end within the same zone
 - Incremental fares are added for each extra zone.

EXHIBIT 2-21
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

CRD Fare Changes from 1980-1985
(Based on Regular One-Way Fare)

	<u>Base Fare</u>	<u>Incremental Charge per Fare Zone</u>	<u>Percent Fare Change</u>	
			<u>From 1980</u>	<u>From Prior Change</u>
Original 1980 Rate	\$1.00	\$0.15	--	--
January 1, 1981	\$1.25	\$0.25	33%	+33%
July 6, 1981	\$1.80	\$0.40/\$0.45	109%	+58%
October 1, 1981	\$1.75	\$0.40	99%	-5%
February 1, 1984	\$1.60	\$0.35	79%	-10%

2.3 CRD Environment . . . Fare Policy

CRD FARE LEVELS HAVE CHANGED CONSIDERABLY OVER THE 1980-1985 TIME PERIOD (EXHIBIT 2-21)

- Four fare changes have occurred
 - January 1981: 33 percent increase
 - July 1981: 58 percent increase
 - October 1981: 5 percent decrease
 - February 1984: 10 percent decrease
- Fare levels peaked in 1981, in the middle of the RTA financial crisis
 - \$1.80 base fare; \$0.40 or \$0.45 incremental fare
 - 109 percent increase over 1980 level
- Current fare is lower than 1981, but still higher than 1980
 - \$1.60 base fare; \$0.35 incremental fare
 - 79 percent increase over 1980 level

2.3 CRD Environment . . . Fare Policy

A VARIETY OF FARE CATEGORIES AND TICKET TYPES EXIST

- . Two general ridership classifications exist:
 - Full fare includes all adult passengers not entitled to a reduced fare
 - Reduced fare includes senior citizens, handicapped passengers, children ages 7 to 11, and students through age 17 riding to school
- . Basic cash fares for a single, one-way trip are:
 - Base: \$1.60 full fare; \$0.80 reduced fare
 - Incremental: \$0.35 full fare; \$0.15 or \$0.20 reduced fare
- . Prepaid ticket types are also available to full and reduced fare passengers
 - Ten-ride tickets cost eight and one-half times the one-way fare recently reduced from ten times the one-way for ten trips.
 - Weekly display tickets cost eight times the one-way fare for unlimited Monday-Sunday usage.
 - Monthly display tickets cost 27 times the one-way full fare, or 37.5 times the one-way reduced fare for unlimited usage in a specific calendar month.

2.3 CRD Environment . . . Fare Policy

SEVERAL SPECIAL FARES AND DEMONSTRATION PROJECTS HAVE BEEN INTRODUCED OVER THE PAST FIVE YEARS

- Three special fare categories have been created since October 1983
 - Regional rail ticket program allows free transfers between all commuter rail lines for monthly and weekly ticket holders.
 - Link-up bus tickets reduce monthly pass for suburban or city buses to \$25 per month for all monthly commuter rail patrons.
 - Group fares give reduced fare rates to groups of 25 or over traveling in the off-peak when reserved and paid for in advance.
- Children under 7 continue to ride free when accompanied by a fare paying adult. Free fares are limited to three children per fare paying adult.
- Three fare demonstrations have started since June 1985
 - Weekend family plan allows children under age 12 to ride free and children age 12 to 17 to ride at a 50 percent discount when traveling with a fare paying adult.
 - Ten-trip ticket price is reduced to 8.5 times the regular one-way fare. This ticket is also valid under the regional rail program.
 - Patrons traveling between adjacent zones pay just the base fare, saving the incremental fare for the additional zone.

2.3 CRD Environment . . . Fare Policy

CRD TICKET PURCHASING AND COLLECTION METHODS VARY SLIGHTLY BY LINE AND TYPE OF TICKETS

- Tickets are generally purchased at station ticket offices or through the mail
 - Ticket agents at stations sell all types of tickets
 - Ticket-by-mail program sells only monthly passes.
- Tickets are usually collected on board by conductors, assistant conductors, or collectors.
- On board train personnel also serve two special functions
 - Sell tickets if station does not have ticket office or ticket office is closed and assess a 50¢ penalty if ticket office is open and ticket is purchased on board.
 - Up-grade pre-purchased tickets to cover longer trips.
- ICG-Electric lines have automatic fare collection equipment
 - Ticket vending machines sell one-way, ten-ride and weekly tickets
 - Mechanical validators check ticket and allow access to station platform.

RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Financial Summary for Calendar Years 1980-1985 Commuter Rail Division

EXHIBIT 2-22

EXHIBIT 2-23

	1980	1981	1982	1983	1984	Budget 1985	Actual (1) Year-to-Date
System-Generated Revenue	\$ 93.4	\$129.3	\$133.8	\$131.8	\$123.8	\$125.3	\$ 86.5
Operating Expense (1)	\$165.5	\$185.8(3)	\$193.8(3)	\$206.6	\$222.9	\$245.7	\$158.2
Public Funding Requirement	\$ 72.1	\$ 56.5	\$ 59.9	\$ 74.8	\$ 99.1	\$120.4	
Depreciation	\$ 1.0	\$ 1.0	\$ 1.4	\$ 2.5	\$ 2.8	\$ 2.5	\$ 1.8
System Recovery Ratio(2)	56.8%	70.0%	69.3%	56.2%	56.2%	51.5%	55.3

(1) Operating expense includes all reimbursable depreciation expenses.

(2) System recovery ratio is calculated by dividing revenue by expense less depreciation excluding carryover.

(3) Includes Milwaukee Road operation while not recapturing funding under RTA purchase of service agreement.

(4) Eight months through August 1985

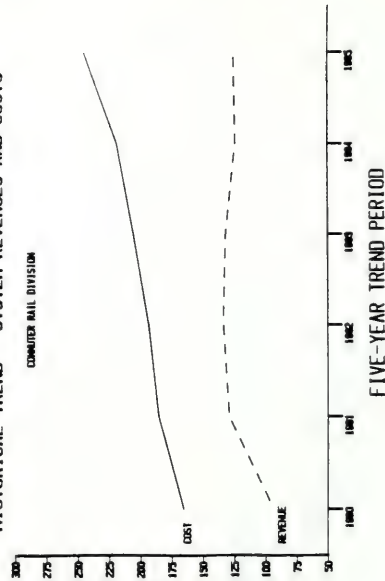
SOURCES:

- System Generated Rev. 1980-1984 from CRD Planning & Analysis Division; 1985 from CRD adopted FY 1985 Budget
- Operating Expenses 1980-1982 from RTA Budget Division
- 1983 Exp. from HIRC Audit; all others from RTA Budget Div.
- 1984, Exp. from HIRC Audit; all others from CRD Treasury & Finance
- 1985 from CRD Adopted FY 1985 Budget

Actual data 1985
Year-to-Date
October 1985
August 1985 Key Indicator Report, RTA Budget and Management Analysis Department

HISTORICAL TREND - SYSTEM REVENUES AND COSTS

COMMUTER RAIL DIVISION



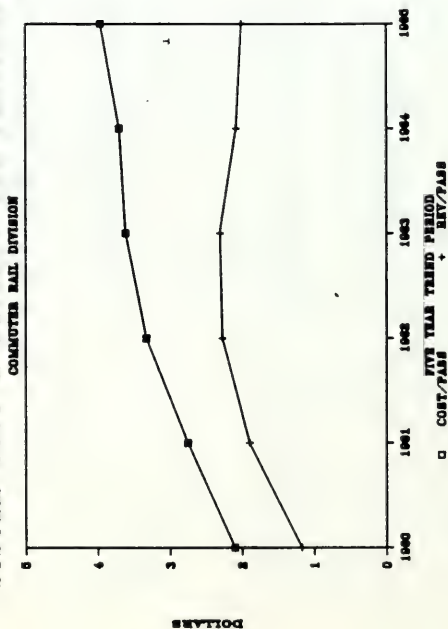
2.3 CRD Environment . . . Financial Performance

THE 1980-1985 PERIOD INCLUDED SUBSTANTIAL SERVICE CUTS AND FARE INCREASES IN 1981 IN RESPONSE TO THE REGIONWIDE FINANCIAL CRISES - - OPERATING EXPENSES HAVE RISEN CONTINUALLY THROUGH THE PERIOD; REVENUES HAVE DECREASED SINCE 1982 DUE TO RIDERSHIP REDUCTIONS FROM 1981-1983 AND A 10% FARE CUT IN 1984 (EXHIBITS 2-22 AND 2-23)

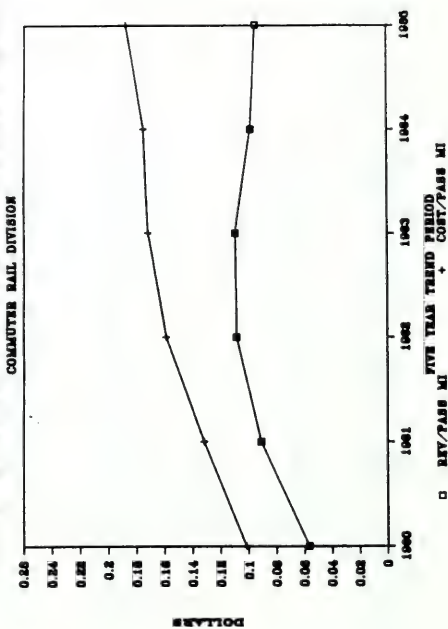
- In 1981 increased fares combined with service cuts lowered the operating deficit by over 20 percent, from \$72 million in 1980 to \$56.5 million.
- Expenses increased 35 percent - - from \$165 million in 1980 to \$223 million in 1984.
- Revenues reached \$134 million in 1982, from \$93 million in 1980, but receded to \$124 million by 1984.
- Since 1981 operating deficits have risen from a low of \$56 million to \$99 million in 1984 principally as a result of increasing operating costs and fare reductions during a period of only modest ridership increases.
- The 1985 budgeted operating deficit is projected to increase 20 percent, to \$120 million, based on a 10 percent increase in operating expense to \$245 million, and a one percent increase in system generated revenue to \$125 million.
- CRD budget performance through August of 1985 shows a favorable variance on total revenue and total expense resulting from actual recovery ratio of 55 percent versus a budget recovery ratio of 51.6 percent

EXHIBIT 2-24
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

SYSTEM COST & REVENUE PER PASSENGER



COST & REVENUE PER PASSENGER MILE



2.3 CRD Environment . . . Financial Performance

OPERATING COST AND REVENUE PER PASSENGER OR PASSENGER MILE ALSO REFLECT THE WIDENING GAP BETWEEN OPERATING COSTS AND REVENUES (EXHIBIT 2-24)

- . As operating cost per passenger nearly doubled over the 1980-1985 period, revenue per passenger did not keep pace.
 - per passenger costs rose from \$2.10 in 1980 to just under \$4 in 1985, and revenue rose at a slower overall rate, from \$1.20 to \$2.00.
 - The cost trend had started to stabilize in 1983 and 1984 before rising again in 1985, and revenues peaked in 1983, before falling off slightly in 1984 and 1985.
 - The 90 percent cost increase resulted from the large passenger decreases experienced after 1980 and the constantly increasing operating costs; revenue doubled in reaction to the same passenger decreases but higher fares, dropping off to a 70 percent overall increase as fares were reduced and passengers increased.

. Financial results per passenger mile demonstrate an identical lag in revenue compared to costs.

- Cost per passenger mile rose 86 percent, from 10.2¢ in 1980 to 19.0¢ in 1985, as revenue rose only 67 percent to 9.5¢ per passenger mile over the same period.
- The close tracking of passenger performances by passenger mile suggests that average trip length remained nearly constant over the 5 year period.

EXHIBIT 2-25

RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Individual Carrier Financial Summaries for Calendar Years 1980-1985
Commuter Rail Division

Category	1980	1981	1982	1983	1984	Budget 1985	Category	1980	1981	1982	1983	1984	Budget 1985
ILLINOIS CENTRAL GULF													
BURLINGTON NORTHERN													
Revenue	16.7	23.5	25.9	25.4	23.3	22.7	Revenue	17.1	22.8	22.0	21.1	20.1	21.0
Expense	27.9	31.1	33.5	33.8	35.0	39.1	Expense	35.5	37.7	40.8	42.9	47.0	52.5
Deficit	11.3	7.7	7.6	8.4	11.7	16.5	Deficit	18.4	14.9	18.8	21.8	26.9	31.6
Recovery Ratio	60.2%	76.0%	77.9%	76.1%	67.7%	58.6%	Recovery Ratio	48.2%	60.1%	54.5%	50.0%	43.5%	40.4%
CHICAGO & NORTHWESTERN													
NORFOLK & WESTERN													
Revenue	36.1	50.7	52.3	49.2	46.1	47.4	Revenue	1.2	1.8	2.1	2.0	1.8	1.8
Expense	51.6	61.8	63.7	65.0	69.9	78.2	Expense	1.1	1.2	1.4	2.0	2.1	2.2
Deficit	15.5	11.1	11.4	15.8	23.7	30.8	Deficit (1)	(0.0)	(0.6)	(0.7)	(0.1)	0.2	0.4
Recovery Ratio	71.0%	83.2%	83.2%	77.5%	68.8%	61.8%	Recovery Ratio	103.6%	147.8%	148.8%	103.6%	88.5%	81.6%
CHICAGO SOUTH SHORE AND SOUTH BEND (2)													
NORTHEASTERN ILLINOIS RAILROAD CORPORATION													
Revenue	0.6	0.9	0.9	1.1	1.2	1.4	Revenue (3)	21.7	29.6	30.6	32.9	31.2	31.1
Expense	1.6	1.6	1.7	1.8	2.5	2.3	Expense	47.7	52.4	52.7	61.1	66.4	71.2
Deficit	1.0	0.8	0.8	0.8	1.3	0.9	Deficit	26.0	22.8	22.0	28.2	35.1	40.2
Recovery Ratio	39.2%	53.6%	51.1%	57.9%	47.2%	60.1%	Recovery Ratio	47.5%	56.5%	58.2%	53.8%	47.0%	43.6%

(1) NW had operating surplus in 1980-1983 period, designated by parentheses.

(2) CRD currently pays 18% of CSSS deficit; numbers shown represent 18% of revenue, expense and deficit.

(3) During the period July 1981-September 1982, the Milwaukee Road provided passenger service without RTA financial support; data include Milwaukee Road results as if it were part of NIRC during this period

SOURCE: Same as for Exhibit 2-22.

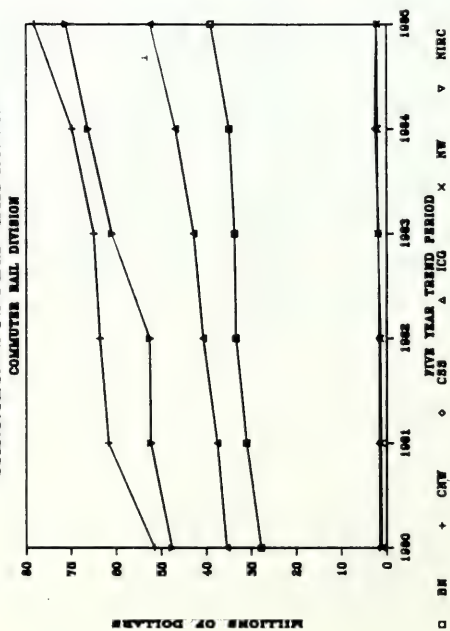
2.3 CRD Environment . . . Financial Performance . . .

INDIVIDUAL FINANCIAL SUMMARIES SHOW A BREAKDOWN OF SYSTEM REVENUE AND EXPENSE ON A CARRIER-BY-CARRIER BASIS (EXHIBIT 2-25)

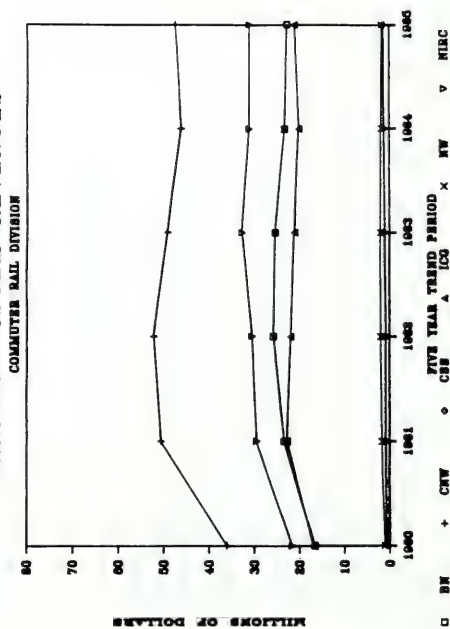
- Each carrier has incurred cost increases from 1980-1985
 - BN expenses rose by 40 percent
 - CNW, NIRC, ICG and CSSSB costs all increased by 50 percent
 - N&W expenses rose 90 percent
- Most carrier revenues rose through 1982 in response to fare increases, fell as service cuts and higher fares resulted in substantial ridership decline and revenue low even though ridership increased because of reduced fares.
 - When the 100 percent fare increases were implemented in 1981, revenues rose from 33 percent (ICG) to 75 percent (N&W) through 1982 over 1980 levels.
 - Revenues fell 11 to 14 percent on the BN, CNW and N&W from 1982-1984, due to declining ridership and a fare reduction implemented early in 1984.
 - The CSSSB managed to increase revenue over the entire period, while NIRC revenues fell only 5 percent in the 1983-1985 period. CSSSB fare policy is controlled by Indiana authorities.
 - ICG revenues dropped earlier than others, due to a combination of factors including economic decline in the service area, greater price sensitivity of travellers and a wider range of alternatives to commuter rail (CTA rail, commuter bus, etc.).

EXHIBIT 2-26
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

CARRIER SYSTEM EXPENSES



CARRIER SYSTEM REVENUES



2.3 CRD Environment . . . Financial Performance

EACH CARRIER HAS MAINTAINED APPROXIMATELY THE SAME PERCENTAGE CONTRIBUTION TO SYSTEMWIDE EXPENSES AND ALL HAVE INCREASED FROM YEAR TO YEAR (EXHIBIT 2-26)

- . Except for the N&W rising slightly above the CSSSB in 1983, the relative position of each carrier has gone unchanged.
- . CNW and NIRC have contributed about 32 percent and 29 percent respectively; ICG and BN 21 percent and 16 percent; and CSSSB and N&W, 1 percent each.
- . The most notable change occurred at NIRC, where contribution grew 2.6 percentage points to 29.8 percent in 1984 from 27.2 percent two years earlier. This probably reflects administrative and engineering costs that NIRC incurs in overseeing the operations of the entire CRD network.

2.3 CRD Environment . . . Financial Performance

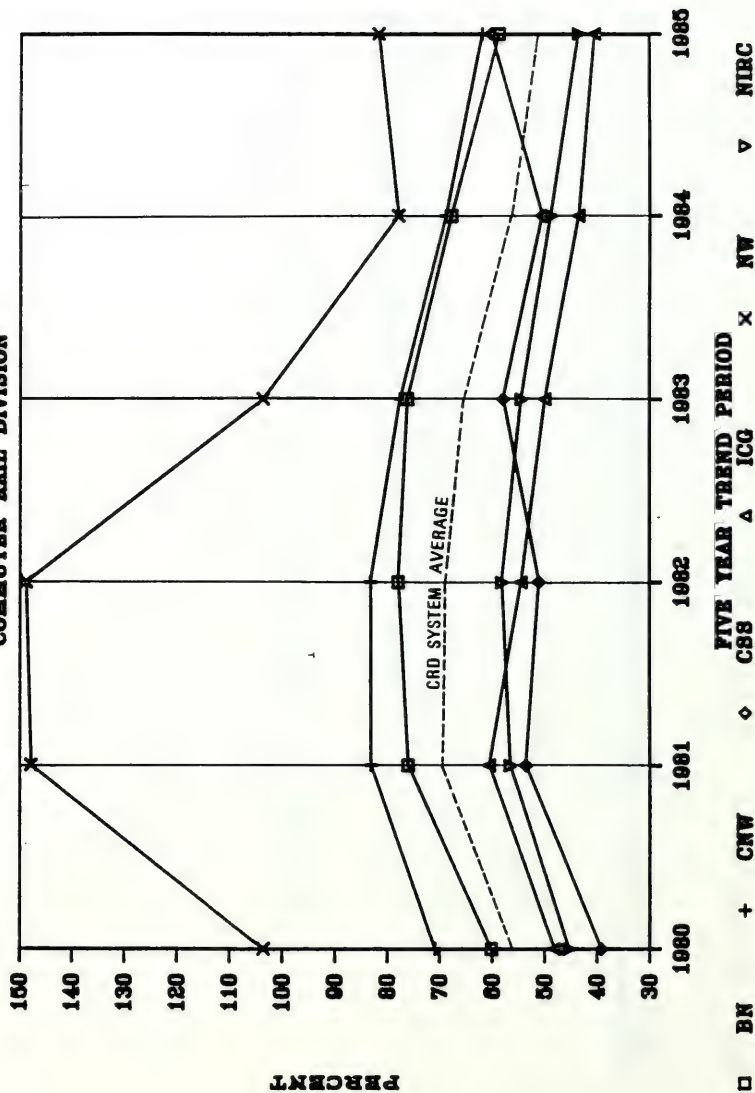
CARRIER REVENUE CONTRIBUTIONS HAVE ALSO REMAINED RELATIVELY UNCHANGED, BUT FOLLOWED THE PEAK AND DECLINE OF REVENUES SYSTEMWIDE

- The relative position of each carrier has gone unchanged since 1981
- The CNW leads all carriers, responsible for about 39 percent of all revenues; NIRC, BN and ICG have 25 percent, 18 percent and 17 percent respectively; N&W and CSSB, 1 percent each.
- The ICG had a net decrease of 1.6 percentage points over the 1980-1985 time period reflecting the greater sensitivity of ridership to price and economic factors cited perviously.

EXHIBIT 2-27
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

CARRIER SYSTEM RECOVERY RATIO

COMMUTER RAIL DIVISION



2.3 CRD Environment . . . Financial Performance

INDIVIDUAL CARRIERS HAVE MIRRORRED THE OVERALL CRD FAREBOX RECOVERY PERFORMANCE, WITH FIVE OF SIX EXPERIENCING A PEAK IN RECOVERY RATIOS THAT HAS FALLEN OVER THE LAST THREE YEARS (EXHIBIT 2-27)

- The N&W, CNW and BN have consistently performed better than the system ratio, while the ICG and NIRC have always trailed the total ratio average.

- The four largest carriers are budgeted to fall below their 1980 recovery ratio in 1985 (although experience through August 1985 is favorable against budget by approximately 4 percentage points for METRA system total).

	Actual 1980	Budgeted 1985
- CNW	71.0	61.8
- BN	60.2	56.6
- NIRC	47.5	43.6
- ICG	48.2	40.4

- The ICG dropped below NIRC in 1982 to the lowest system recovery ratio; this performance is related to both a loss in ridership and revenue and to increased cost associated with electrification (increased power costs and more expensive maintenance of way).

- CSSSB and N&W performance have been encouraging overall, but they have minimal impact on the system totals due to their small size.

EXHIBIT 2-28 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Five-Year Service Summary Commuter Rail Division

	Calendar Years				
	1980	1981	1982	1983	1985
 (Trips & Miles in Millions)				
Passenger Trips	81.9	70.1	60.5	59.2	64.1(1)
Passenger Miles	1,693,500	1,463,300	1,266,100	1,246,100	1,314,300
					677,479(2)
Train Miles	6,965	6,568	5,760	5,834	5,983
					2,995(2)
Car Miles	31,566	30,539	27,586	27,478	28,225
					14,315(2)
Scheduled Trains by Time Period (3)					
• Weekday Peak	314	312	314	314	302
• Weekday					
• Off-Peak	345	271	274	274	292
• Saturday	365	286	290	290	288
• Sunday	249	159	162	162	161
Weekly Total	3,909	3,360	3,392	3,392	3,423
					3,457

- (1) Projected full year total based on first half increase of 3.2% over 1984 figures.
 (2) Half year figures through June 30, 1985
 (3) Weekly totals for each year calculated based on last published timetable for that year. If no time table for a specific year was available, previous year schedule was used.

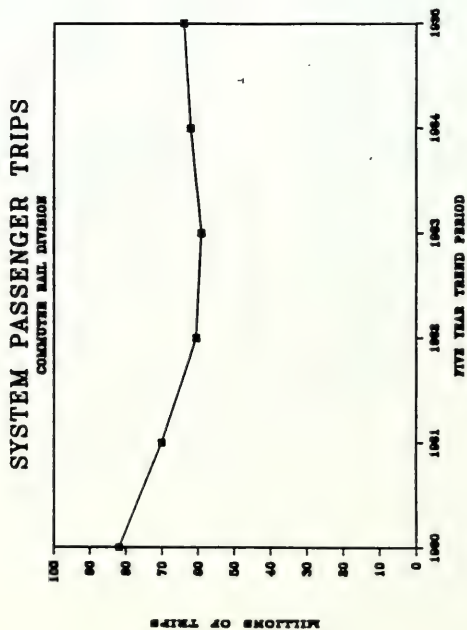
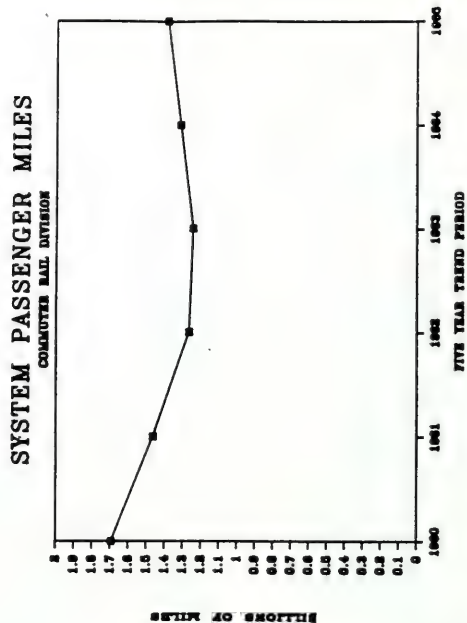
SOURCE: CRD Planning & Analysis Division, Ridership Trends Report-August, 1985
 Passenger Trips: CRD Planning & Analysis Division
 Passenger Miles: CRD Planning & Analysis Division
 Train and Car Miles: CRD Planning & Analysis Division, System Description Report-July, 1985;
 and Planning Figures for 1985.
 Scheduled Trains: Developed from CRD-supplied carrier timetables in effect over the five year period and CRD preliminary FY 1986 budget.

2.3 CRD Environment . . . Service and Ridership Levels

CRD SERVICE CUTS WHICH OCCURRED DURING THE FINANCIAL CRISES ARE BEING REIN-
STATED (EXHIBIT 2-28)

- . Weekly scheduled trains declined 14 percent in 1981, but increased a total of 2.4 percent over the next four years.
- Due to the 1981 regional financial crisis, weekly trains were reduced 15 percent, from 3,909 to 3,360, with the bulk of the cuts coming in off-peak and weekend trains.
- Since 1981, scheduled trains have increased to 3,457 in 1985, replacing some of the off-peak and weekend service removed earlier.
- . Service cutbacks resulted in lower train and car mile levels.
- Train miles dropped 1.2 million miles (17.5 percent) from the 1980 level of almost 7 million miles to 5.8 million miles in 1982. Service has since increased to 6.0 million miles in 1984.
- Car miles also declined, decreasing 4.1 million miles from 31.6 million in 1980 to 27.5 million in 1983, then rising to 28.2 million miles in 1984.

EXHIBIT 2-29
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN



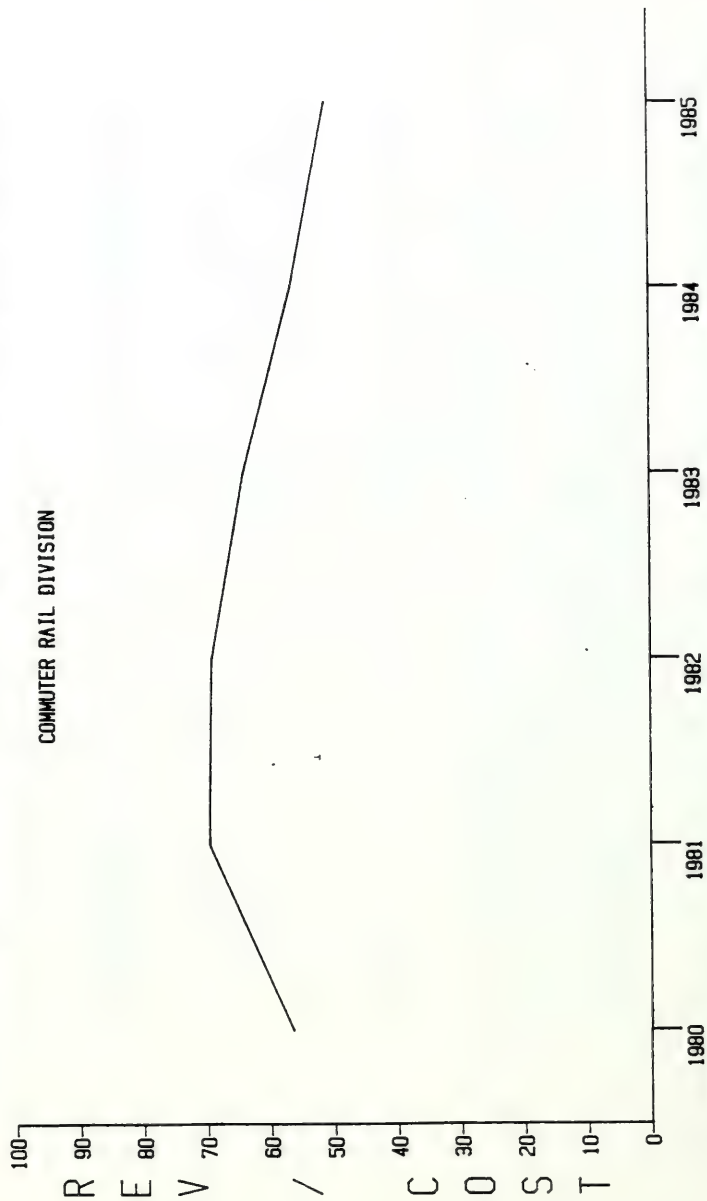
2.3 CRD Environment . . . Service and Ridership Levels

TOTAL PASSENGERS AND PASSENGER MILES, WHICH HAD DECREASED SIGNIFICANTLY, HAVE INCREASED IN 1984 (EXHIBIT 2-29)

- A combination of increased fares, decreased service, and generally depressed economic conditions caused passenger trips to decrease 27.7 percent over the 1980-1983 time period.
 - In 1980, ridership approached 82 million per year.
 - By 1983, annual ridership had declined to 59.2 million.
- Ridership levels have recovered more quickly than service levels.
 - Passenger trips increased 4.9 percent to 62.1 million in 1984.
 - For first half of 1985, ridership is 3.2 percent higher than same period in 1984. Through August ridership had increased 4 percent over comparable 1984 year-to-date levels.
 - Service levels measured in weekly scheduled trains have only risen 2.5 percent over the entire 1981-1985 period.
- Passenger miles have matched the passenger trip trends through the total time period.
 - From 1980 to 1983, passenger miles dropped 250 million (or 26 percent) to 1246.1 million miles.
 - Using 1984 growth as an estimate, 1985 levels could increase 11 percent to 1386 million miles.

EXHIBIT 2-30
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

HISTORICAL TREND - SYSTEM REVENUE TO COST RATIO



2.3 CRD Environment . . . Performance Trends - Revenue-to-Cost Ratio

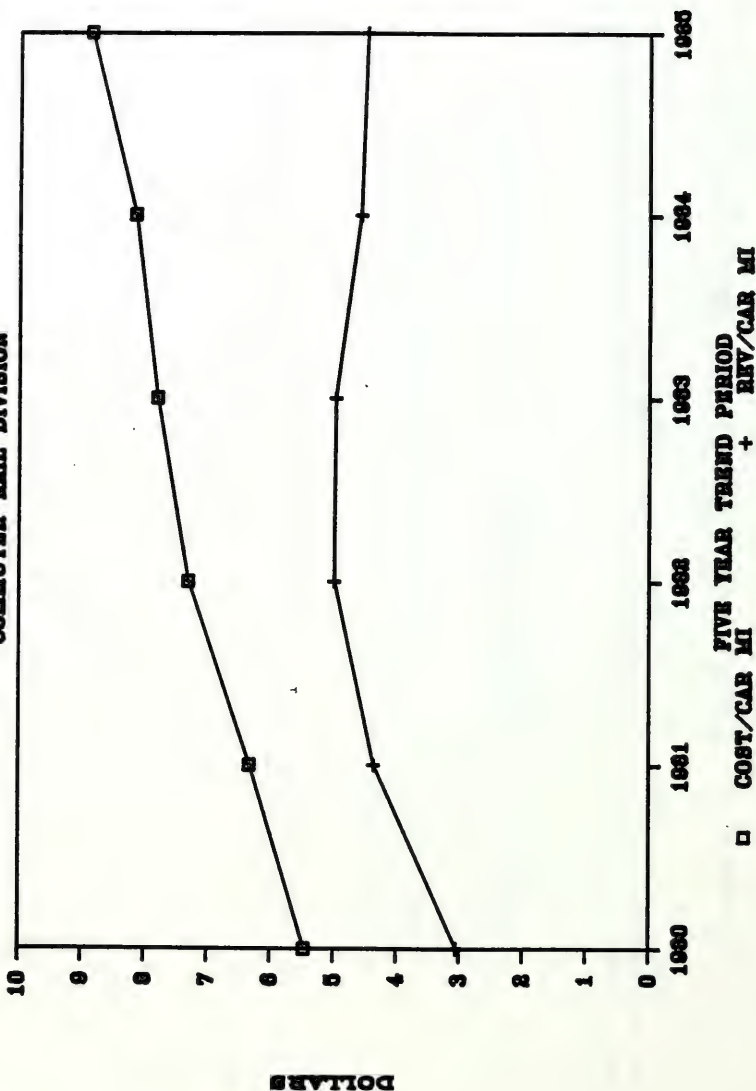
AFTER PEAKING IN 1981, THE CRD RECOVERY RATIO HAS DECREASED TO BELOW THE 1980 LEVEL (EXHIBIT 2-30)

- . Recovery ratio climbed 13 points to 70 percent from 1980 to 1981 as a result of the fare increase and service cutbacks.
- . Since 1981, the ratio has steadily declined, dropping to almost 56 percent in 1984 as operating expense has continued to outpace system revenues.
- . Projected 1985 figures continue this downward trend to a new low of 51 percent.

EXHIBIT 2-31
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

SYSTEM COST & REVENUE PER CAR MILE

COMMUTER RAIL DIVISION



2.3 CRD Environment . . . Performance Trends - Cost and Revenue per Car Mile

CRD COST PER PASSENGER CAR MILE OUTPUT HAS RISEN OVER 60 PERCENT FROM 1980 TO 1985 (EXHIBIT 2-31)

- The cost per car mile of \$5.50 in 1980 rose to almost \$9 for 1985.

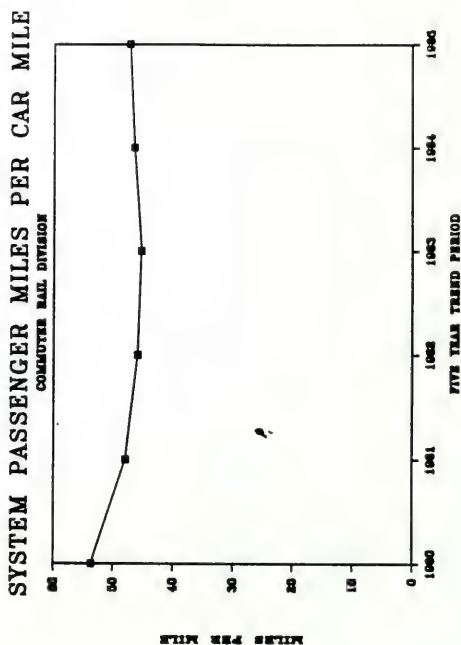
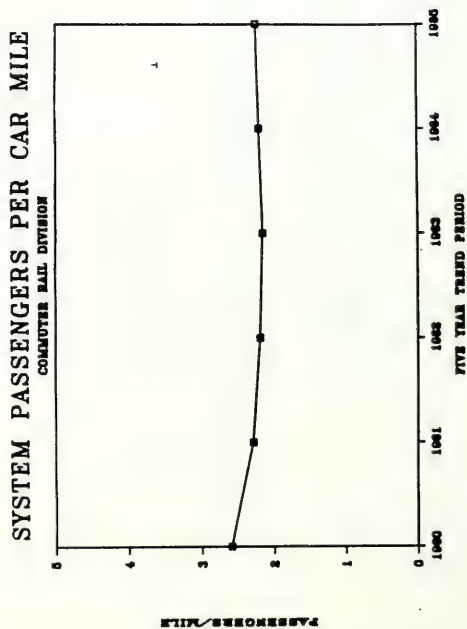
- Since car miles are lower than 1980 levels, operating cost increases have pushed the ratio higher.

THE AVERAGE REVENUE PER CAR MILE RECEIVED BY METRA PER UNIT OF CAR MILES PRODUCED HAS STABILIZED IN 1985 AT 150 PERCENT OF 1980 LEVELS (EXHIBIT 2-31)

- Revenue per mile rose to a high of \$5 in 1982 from a 1980 base of \$3 and then declined to its current level of \$4.50.

- Higher ridership at lower fares have stabilized revenues while increases in commuter rail service have increased car miles only slightly.

EXHIBIT 2-32
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN



2.3 CRD Environment . . . Performance Trends

- Passengers/Passenger Miles per Car Mile

PASSENGERS PER CAR MILE HAVE FOLLOWED A RELATIVELY FLAT BUT DECREASING TREND OVER THE 1980-1985 TIME PERIOD (EXHIBIT 2-32)

- The ratio fell from 2.6 in 1980 to under 2.2 in 1983, but through June of 1985 has risen slightly to just over 2.2 passengers per car mile.
- The ratio follows the pattern of both reduced service and passenger levels since 1980, with recent passenger trip increases in response to service additions and fare decreases outpacing the car mile increases associated with service level growth.

PASSENGER MILES PER CAR MILE ALSO DROPPED OVER THE 1980-1985 TIME PERIOD, DECREASING BY 12 percent.

- From 1980 to 1983 the ratio fell 15% from 53.7 to 45.4; but it has climbed back up to 47.3 through June of 1985.
- The ratio represents changes in capacity utilization, falling as passenger trips decreased faster than car miles in the earlier part of the time period; later, utilization rose as passengers were attracted to the service by decreased fares and slight service increases in 1984 and 1985.



2.3 CRD Environment . . . Performance Trends . . . Car Miles per Car

CRD FLEET PRODUCTIVITY DECREASED FROM 1980 TO 1982, BUT HAS REBOUNDED SLIGHTLY OVER THE LAST THREE YEARS

- Miles per car dropped from 35,500 in 1980 to 31,500 in 1982, but has risen almost 1,000 miles per car to 32,200 in 1984.
- Productivity is expected to increase to an estimated 32,500 miles per vehicle in 1985.
- Since a constant fleet size has been assumed (as no better data was available from CRD), fleet productivity corresponds to car mile levels, which have dropped and then risen in response to increased numbers of scheduled trains.

2.3 CRD Environment . . . Commuter Rail Expenses

COMMUTER RAIL EXPENSES ARE DIFFICULT TO ASSESS AND ANALYZE - - BUT COST MINIMIZATION OPPORTUNITIES APPEAR TO EXIST

- . Purchase of Service Agreements (PSA's) have extensive (hundreds) of cost accounts many of which are allocated between freight and passenger service.
- . Clear definition of functional costs (direct labor, "work rule" labor, fringe benefits, materials, fuel, power, insurance, etc.) is not readily available.
- . Information on personnel or full time equivalents in cost categories has not been made available.
- . Labor provisions and historically developed work rules and payment provisions create an extremely difficult environment for labor cost analysis -- particularly with different system characteristics (service periods and trip lengths) for each carrier and line.
- . Selected features of labor union contracts (e.g., fireman requirements where no requirement has existed for three decades and payment on 100 mile segments) result in low productivity of work force (55-63 percent operating hour per pay hour ratio) and relatively high compensation rates for skilled labor (approximately \$40,000)
- . Labor protection afforded by state and federal laws, multiple craft unions and freight operations orientation to labor contract negotiations make progress toward cost competitiveness with other transit mode labor costs difficult to achieve.

2.4 SBD Environment . . . Overview

THE MANAGEMENT AND ADMINISTRATION OF SUBURBAN BUS SERVICE IN THE CHICAGO AREA HAS EVOLVED MARKEDLY OVER TIME

- Prior to the formation of the original RTA, suburban bus services were provided primarily by disjointed private carriers.
- Individual municipalities assumed control of the private bus companies as these independents failed.
- The original RTA assumed control in the 1970s, although municipality-based operations were maintained.

2.4 SBD Environment . . . Overview

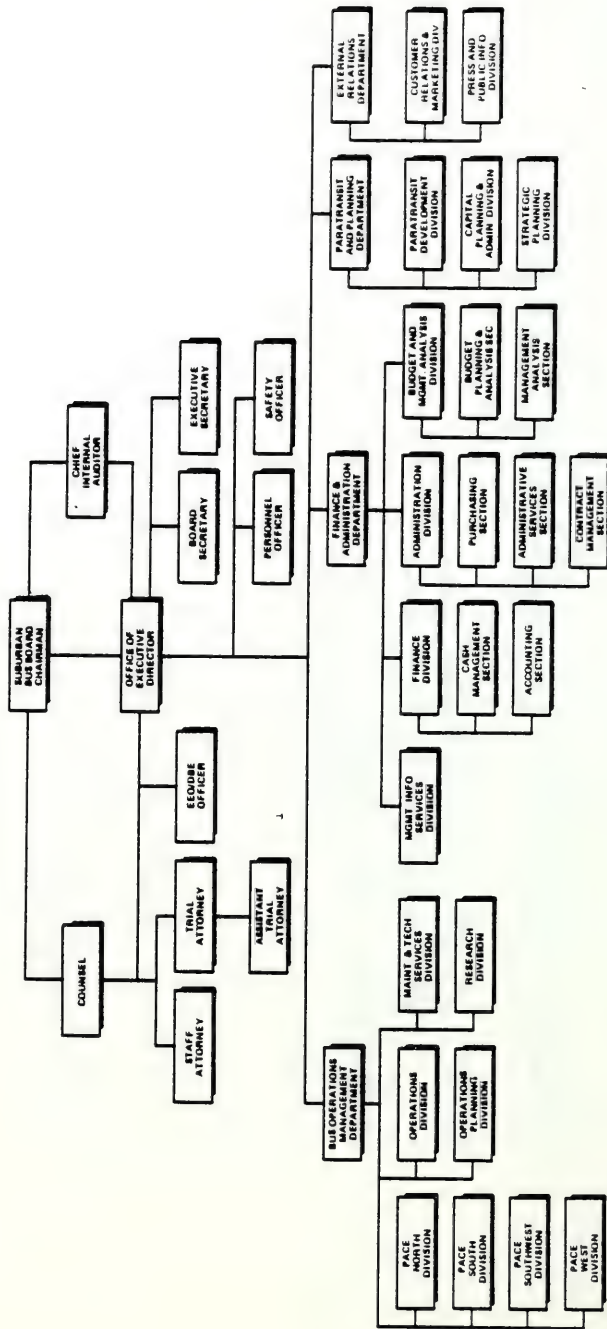
THE SUBURBAN BUS DIVISION (SBD) WAS GIVEN FORMAL STANDING AS A DIVISION OF THE RTA ON JULY 1, 1984, AS PART OF THE REORGANIZATION

- The SBD has administrative and managerial responsibility for all non-rail suburban transit service in Northeastern Illinois.
- Responsibilities of the SBD include:
 - Determination of fares and service levels
 - Negotiation and execution of service arrangements with funded, contract and paratransit carriers
 - Making grants to the carriers.
- The SBD currently funds more than 234 regular bus routes
- 1986 operating budget is \$69.4 million, with 936 employees
- The title "Pace" was adopted in 1985 to distinguish the new Suburban Bus Division.

EXHIBIT 2-33

N AND CAPTAIN

PACE ORGANIZATION CHART

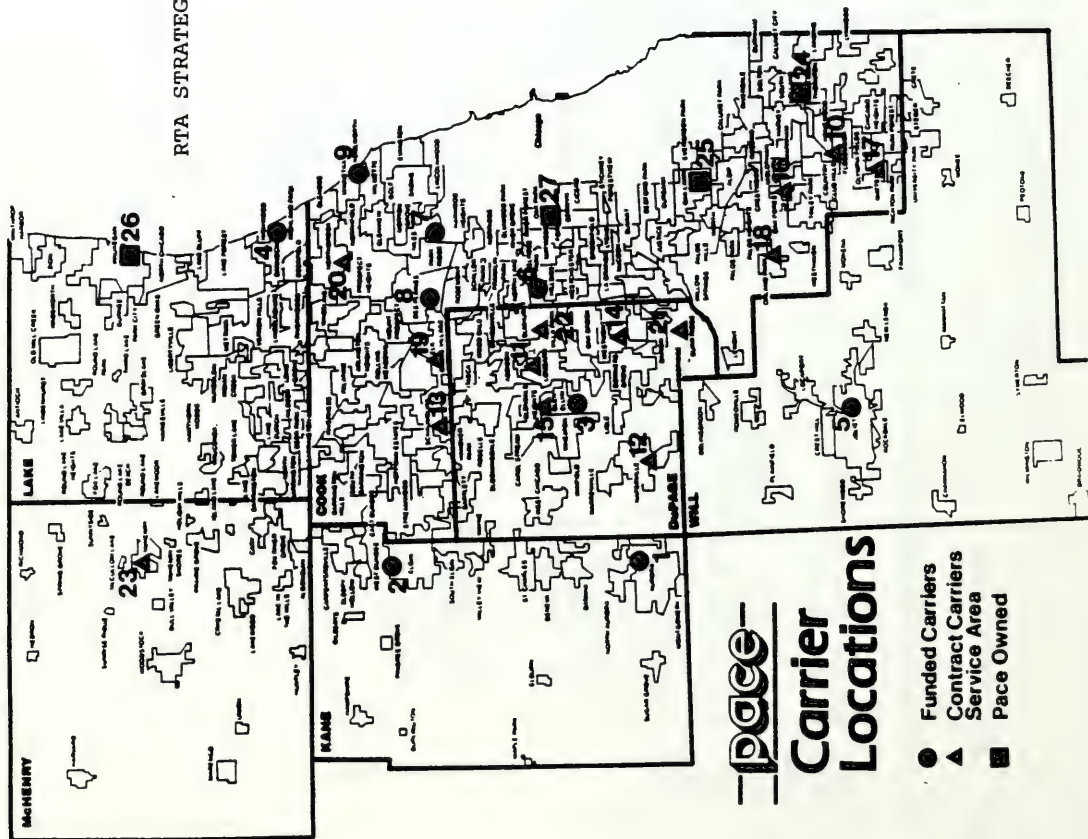


2.4 SBD Environment . . . Organization

THE PACE ORGANIZATION IS GOVERNED BY THE SUBURBAN BUS BOARD (EXHIBIT 2-33)

- The twelve-member Board consists of mayors representing suburban areas
 - 6 seats belong to Suburban Cook County Board Commissioners (one representing each of six statutorily-defined suburban regions)
 - 5 seats belong, one each, to the county board chairmen of the five collar counties
 - The Chairman is selected by a majority of the Suburban Cook County Board Commissioners and collar county board chairman.
- The Executive Director reports directly to the Board, and is the focal point of the four organizational departments
 - Bus Operations Management (55)
 - Finance and Administration (54)
 - Paratransit & Planning (19)
 - External Relations (11)

EXHIBIT 2-34 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN



2.4 SBD Environment . . . Service Description

PACE - THE SUBURBAN BUS DIVISION OF RTA PROVIDES DIVERSE TRANSIT SERVICES TO SUBURBAN COOK, DUPAGE, KANE, LAKE, MCHENRY AND WILL COUNTIES (EXHIBITS 2-34 AND 2-35)

- Pace serves in a variety of roles in the provision of regular bus service
 - Owns and operates four suburban carriers
 - Subsidizes the operation of nine municipal transit systems
 - Contracts with fourteen private bus companies for fixed-route service
 - Funds more than 234 regular bus routes
- Pace manages and funds an extensive paratransit network
 - 58 paratransit services
 - Pace subsidizes \$2.50 per trip to a maximum of 75 percent of each carrier's operating deficit
 - Covers 75 percent of the six-county area
 - Door-to-door service for the elderly and handicapped, and in some areas, for the general public.
- The service area encompasses 3,446 square miles, with a rapidly growing 1980 population of 4.1 million and employment of 1.7 million.

EXHIBIT 2-35

RRA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Pace Carriers

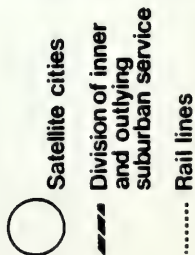
Carrier	Service Area
<u>Funded Carriers</u>	
Aurora Transit System	Aurora and neighboring communities
Elgin Department of Transportation	Elgin and the Fox Valley
Village of Glen Ellyn (GET)	Glen Ellyn
City of Highland Park (HIGHLANDER)	Highland Park and neighboring communities
Joliet Mass Transit District (JMTD)	Joliet, Bolingbrook and Yorktown Center
Village of Niles	Niles
North Suburban Mass Transit District (NORTAN)	North suburban Cook County,
Village of Wilmette (WILBUS)	southern Lake County and Chicago
Melrose Park	Wilmette and neighboring communities
	Melrose Park
<u>Contract Carriers</u>	
Art's Transportation	Country Club Hills, Chicago Heights and Flossmoor
Commuter Bus Systems (CBS)	Many communities in DuPage County and some in Will County
Continental Air Transport	Naperville, Warrenville and Lisle
DAR	Roselle and Schaumburg
DuPage Motor Coach (WESTMONT)	Darlen, Willowbrook and Clarendon Hills
DuPage Motor Coach (GLEN ELLYN)	Glen Ellyn

EXHIBIT 2-35
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Pace Carriers (Continued)

Carrier	Service Area
<u>Contract Carriers</u>	
Gresham Bus Company	Oak Forest
Kickert School Bus Company	Matteson
O'Hare Express Inc.	Orland Park-Chicago via the Southwest Suburban Express Route 835, Rolling Meadows and Arlington Heights
Our Town Bus Company	Elk Grove, Indianhead Park & Western Springs
Scholastic Transit Company	Barrington, Lake Zurich, Wauconda & Northbrook
Valley Transit	Burr Ridge and Hinsdale
Westway Coach	Bloomington, Addison, Villa Park and northwest Cook County
Worts Transit Company, Inc.	McHenry County and north Kane County
<u>Pace-Owned Carriers</u>	
Pace South Division	South suburban Cook County, Chicago and northeastern Will County
Pace Southwest Division	Southwest suburban Cook County and Chicago
Pace North Division/Waukegan	Waukegan and north-central Lake County
Pace West Division/West Towns	West suburban Cook County, eastern DuPage and Chicago

OUTER SUBURBAN SERVICE AREA



2.4 SBD Environment . . . Service Description

FOUR DIVERSE CATEGORIES OF SERVICE ARE PROVIDED BY FUNDED CARRIERS

- Inner Suburban - Which includes fixed-route services predominately within Cook County
- Outer Suburban - Which includes all non-satellite and non-feeder service outside of the inner/outer boundary (Exhibit 2-36)
- Satellite Carriers - Which provide intracity service in Waukegan, Elgin, Joliet and Aurora
- Feeder Services - Which provide rush hour connections to CRD rail stations.

EXHIBIT 2-37

RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

SBD Fare Structure for Funded Carriers

	Regular Service			Local/Feeder			Express		
	Fare	Transfer		Fare	Transfer		Fare	Transfer	
	Full	Reduced		Full	Reduced		Full	Reduced	
Aurora	\$0.50	\$0.25	\$0.40 ^(d)	\$0.20 ^(d)	\$.	\$.	\$.	\$.	\$.
Elgin	0.80	0.40	0.10	0.05	0.50	0.25 ^(d)	0.40 ^(d)	0.20 ^(d)	
Glen Ellyn	0.60	0.25	0.40 ^(d)	0.25 ^(d)					
Pace SW Div.	0.90	0.40	0.10	0.10	0.60	0.25	0.40	0.25	2.25/1.10/ 1.80 .90
Highland Park	0.60	0.25	0.40 ^(d)	0.25 ^(d)					
Joliet	0.90	0.40	0.10	0.10 ¹	0.60	0.25	0.40	0.25	
Melrose Park	(a)	(a)	(c)	(c)					
Naperville	0.60	0.25	0.40	0.25					
Niles	(b)	(b)	(c)	(c)					
Northran	0.90	0.40	0.10	0.10	0.60	0.25	0.40	0.25	2.25 1.05
Oak Lawn	0.90	0.40	0.10	0.10					0.10 0.10
Pace North Div.	0.90	0.40	0.10	0.10	0.60	0.25 ^(d)	0.40 ^(d)	0.25	
West Towns	0.60	0.25	0.40	0.25					
Wilmette	0.60	0.25	0.40 ^(d)	0.25 ^(d)					

(a) Free fare to riders; service is locally subsidized at \$0.60 per passenger

(b) Free fare to riders; service is locally subsidized at \$0.60 per regular passenger, \$0.25 per elderly passenger

(c) No transfer charges

(d) Free local transfers available

2.4 SBD Environment . . . Fare Policy

WHILE SUBURBAN BUS FARES VARY BY TYPE OF CARRIER AND TYPE OF SERVICE, FARE LEVELS HAVE NOT INCREASED SINCE 1981 (EXHIBIT 2-37)

- The suburban bus base fare has been \$0.90 since 1981.
- Funded carriers provide regular, local and express service each at full and reduced fare levels
 - Full fares on regular service range from \$0.50 to \$0.90
 - Reduced fares range from \$0.25 to \$0.40
 - Two municipal carriers provide free fares to all passengers, supported with local subsidies of \$0.60 per rider.
- Paratransit riders must pay a fare
 - \$1.00 for adults
 - \$0.50 for disabled persons (with RTA's Special Users Travel Card), students and children age 7 to 11.
- Children under 7 ride for free when accompanied by a fare-paying passenger.
- Pace allows local communities to reduce fares and subsidize the difference.

**EXHIBIT 2-38
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN**

Five-Year Financial Data Summary - Suburban Bus Division

	1980	1981	1982	1983	1984	Projected 1985
Funded Carriers						
Fare Revenue (\$000)	11,926	10,869	10,302	11,515	13,191	13,800
Expense (\$000)	37,563	36,527	31,726	37,250	35,376	38,450
Deficit (\$000)	25,635	25,659	21,423	25,734	22,185	24,650
Recovery Ratio (%)	31.75	29.76	32.47	30.91	37.29	35.39
Contract Carriers						
Fare Revenue (\$000)	0	1,351	1,247	1,361	1,400(1)	1,050
Expense (\$000)	3,757	3,962	3,792	4,395	4,300(1)	4,600
Deficit (\$000)	3,757	2,612	2,545	3,034	2,900(1)	3,550
Recovery Ratio (%)	0	34.10	32.89	30.97	32.56	22.83
Paratransit						
Fare Revenue (\$000)	529	652	697	1,019	1,975	2,250
Expense (\$000)	1,590	2,311	2,428	3,102	3,950	4,800
Deficit (\$000)	1,049	1,664	1,734	2,083	1,975	2,550
Recovery Ratio (%)	33.27	28.21	28.71	32.85	50.00	46.88
Centralized Expenses	(2)	2,638	890	2,141	11,134	17,050

SBD TOTAL

Fare Revenue (\$000)	12,455	12,872	12,246	13,895	16,566	17,750
Expense (\$000)	42,910	45,438	38,836	46,888	54,760	64,900
Deficit (\$000)	30,441	32,573	26,590	32,993	38,194	47,800
Recovery Ratio (%)	29.03	28.33	31.53	29.63	30.25	27.35

(1) SBD FY'85 Operating Budget Technical Appendix
(2) Expenses allocated in 1980

NOTE: Revenue includes non-passenger revenue

SOURCES:

1980-RTA Financial Statement
1981-RTA Financial Statements and Supplementary Information, 9/30/81
1982-RTA Financial Statements and Additional Information, 9/30/82 and 9/30/81
1983-Comp Annual Financial Report for 15 Mos Ended 12/31/83 (factored to 12 mos)
1984-SBD Funded Carrier Cost and Performance Review
1985-SBD FY'85 Operating Budget Technical Appendix
1986-Technical Appendix to Pace Operating and Capital Program

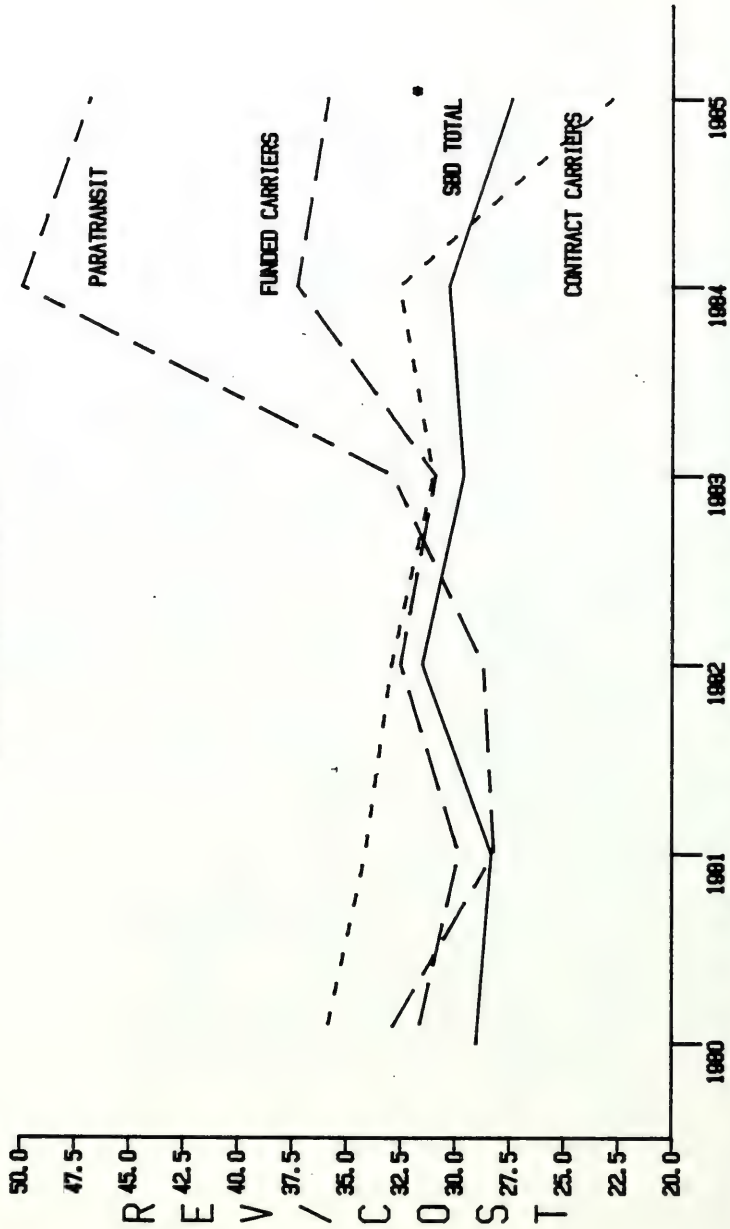
2.4 SBD Environment . . . Financial Performance

DATA ASSUMPTIONS AND SOURCES FOR THE FINANCIAL AND OPERATING PERFORMANCE ANALYSES (EXHIBIT 2-38) INCLUDE:

- All data are fiscal year information.
- Fifteen-month fiscal year data from 1980 and 1983 were factored to twelve-month equivalents.
- 1985 data are projections made by PACE in the Technical Appendix to the 1986 Operating & Central Program, unless otherwise noted.
- Financial and passenger data were attained from the following sources
 - 1980 - RTA Financial Statement
 - 1981 - RTA Financial Statements and Supplementary Information, 9/30/81
 - 1982 - RTA Financial Statements and Additional Information, 9/30/82 and 9/30/81
 - 1983 - Comprehensive Annual Financial Report for 15 Months Ended 12/31/83 (factored to 12 months)
 - 1984 - SBD Funded Carrier Cost and Performance Review
 - 1985 - SBD FY'85 Operating Budget Technical Appendix
 - 1986 - Tech. Appendix to Pace Operating & Capital Program
- Level of service data was provided by Pace staff
- Procedures for allocation of centralized expenses were changed in 1984, with a greater percentage of costs unallocated to individual service types.
- Data trends are slightly skewed in that five carriers - Joliet, Aurora, West Towns, Suburban Transit, and Safeway - shut down operations during part of May, June and July of 1981.

EXHIBIT 2-39
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

COST RECOVERY



* INCLUDES UNALLOCATED EXPENSES

2.4 SBD Environment . . . Financial Performance

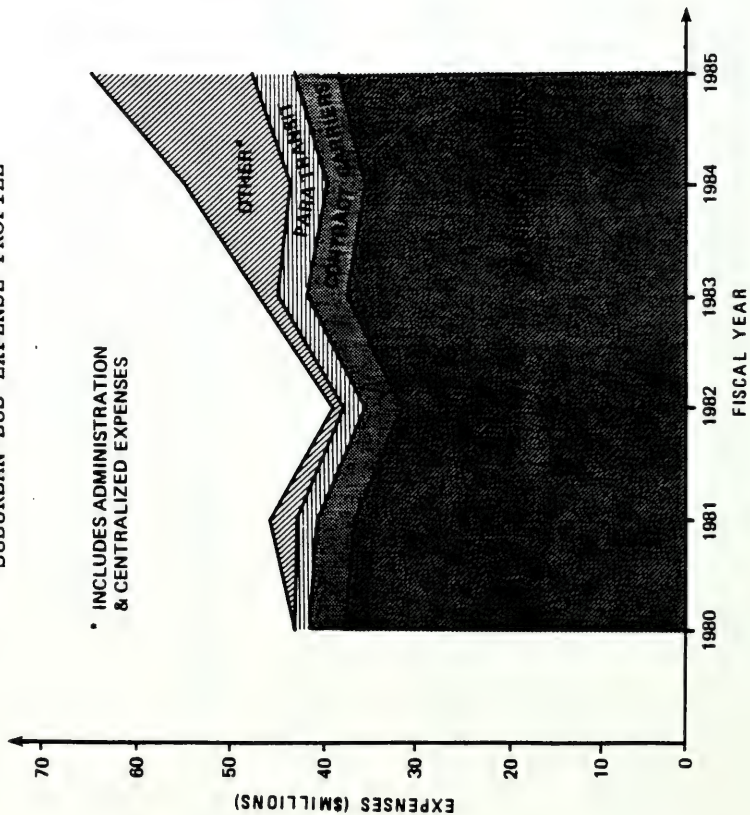
THE COST RECOVERY OF THE DIVISION AND THE INDIVIDUAL CARRIERS HAS FLUCTUATED SUBSTANTIALLY THROUGHOUT THE 1980-1985 PERIOD (EXHIBIT 2-39)

- Excluding allocated central costs, the three classes of SBD service are ranked as follows from a revenue/cost viewpoint:

- Paratransit:	46 Percent
- Funded Carriers:	36 Percent
- Contract Carriers:	23 Percent
- The increase in the paratransit revenue-to-cost ratio results from a change in funding - - local areas were required to support 25 percent of operating costs starting in 1984.
- Funded carriers have exhibited fluctuations - - ridership dropped in response to fare increases and service cutbacks in 1981 and 1982, but has rebounded to 1980 levels.
- Contract carrier ridership has steadily declined while revenue has remained relatively constant through 1984.
- SDD total revenues/cost ratio includes the total costs for the three carrier types plus central expenses (fuel, tires, insurance, administration and RTA-allocated expenses).

EXHIBIT 2-40 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

SUBURBAN BUS EXPENSE PROFILE



2.4 SBD Environment . . . Financial Performance

COSTS HAVE EXPANDED FROM A LOW OF \$38.8 MILLION TO A BUDGETED LEVEL OF \$64.9 MILLION IN 1985 - - A 41 PERCENT INCREASE (EXHIBIT 2-40)

- Funded carriers account for \$38.5 million, or 59 percent of total expenses.
- Administration and centralized expenses (RTA incurred expenses on behalf of SBD - - fuel, insurance, etc.) constitutes \$17 million, or 26 percent. This growth is, in part, due to the reorganization of SBD as a separate entity from RTA.
- Carrier expenses represented 95 percent of total expenses in 1983.
- Carrier expenses are projected to represent 74 percent of total expenses in 1985.

EXHIBIT 2-41
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

SBD DEFICIT GROWTH



2.4 SBD Environment . . . Financial Performance

SYSTEM GENERATED REVENUES HAVE RISEN STEADILY FROM 1980 (\$12.5 MILLION) TO 1985 (PROJECTED AT \$17.8 MILLION)

- System generated revenues are defined to include both fares collected from riders and local support for paratransit and/or local bus service.

- Of the estimated \$17.8 million system generated revenue, the contributions by carrier type are as follows:

-	Funded	\$13.8 Million	78 Percent
-	Contract	1.1 Million	6 Percent
-	Paratransit	2.2 Million	13 Percent
-	Additional Revenue	0.7 Million	3 Percent
	Totals	\$17.8 Million	100 Percent

THE ANNUAL OPERATING DEFICIT HAS RISEN MORE THAN \$20 MILLION SINCE 1982 (EXHIBIT 2-41)

2.4 SBD Environment . . . Financial Performance

SALES TAX REVENUES ARE A MAJOR SOURCE OF SBD FUNDING

- Dedicated sales tax (85 percent of sales tax revenues accruing to the SBD by formula) represents \$31 million in 1984.
- Sales tax revenue covered 57 percent of the total expenses of the SBD in 1984.
- Given strong suburban growth, these revenues are expected to be a dependable and significant revenue source for SBD.

EXHIBIT 2-42
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Vehicle Fleet Characteristics
Suburban Bus Division

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
FLEET						
Funded Carriers	536	602	568	572	569	557
Contract Carriers	N/A	97	101	97	110	100
Paratransit*	48	48	72	113	113	113
PERSONNEL **						
Operations	604	512	552	652	679	660
Maintenance	148	126	158	183	201	183
Administration	40	40	45	44	51	58

* Includes RTA vehicles only.

** Employment data includes funded carriers only; contract and paratransit personnel data is unavailable

SOURCE: Various RTA Records

2.4 SBD Environment . . . Vehicle Fleet and Employment Characteristics

THE SBD FLEET HAS REMAINED RELATIVELY CONSTANT SINCE 1982 (EXHIBIT 2-42)

- Total fleet of funded carriers has decreased by only eleven vehicles, from 568 to 557 vehicles.
- Total peak fleet of contract carriers has decreased by one vehicle, from 101 to 100 vehicles.

THE INCREASE IN EMPLOYMENT LEVELS OF FUNDED CARRIERS SINCE 1981 IS LEVELLING OFF

- Funded carrier operating personnel have increased 29 percent from 1981 to 1985 to 660, however a slight drop was realized in 1985
- Maintenance employees had risen 60% to 201 from 1981 to 1984; but have dropped to 183 in 1985
- Administrative personnel levels have grown 43 percent to 58 since 1981.

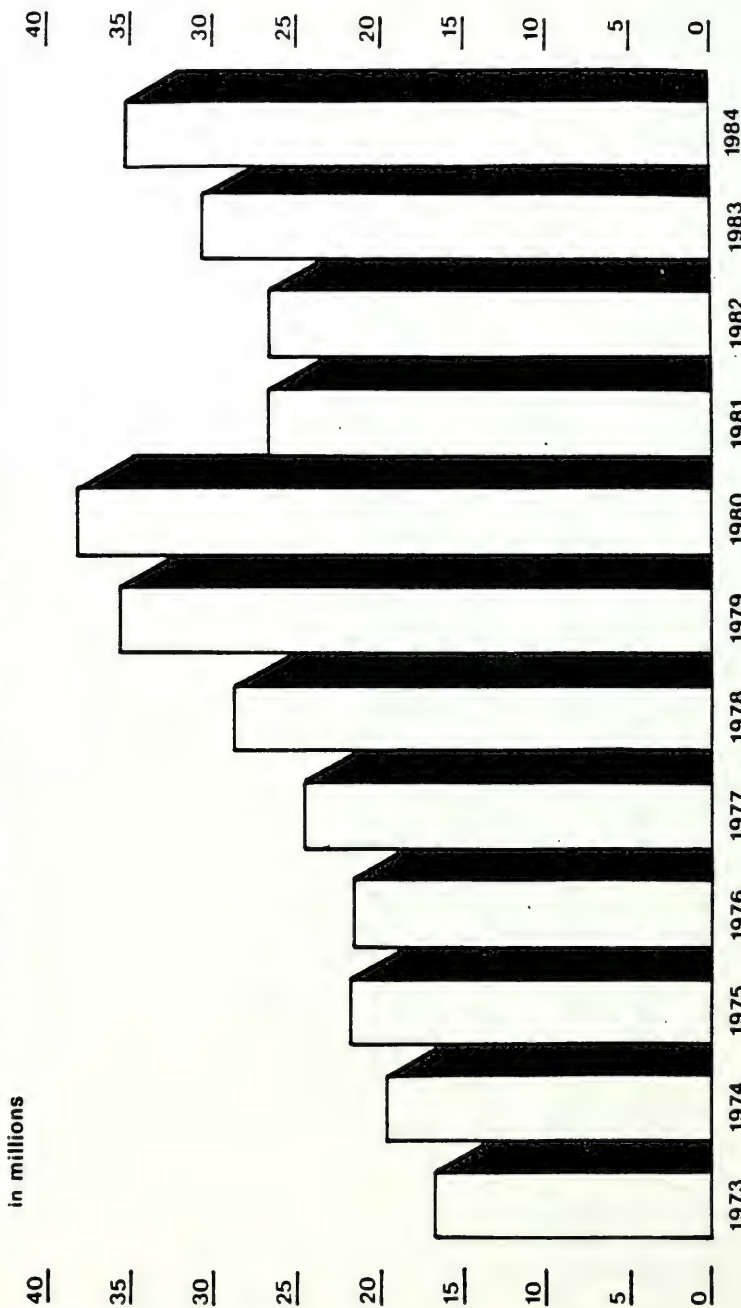
2.4 SBD Environment . . . Service and Ridership

1985 RIDERSHIP FOR EACH CARRIER TYPE IS ESTIMATED THROUGH PROJECTIONS OF ACTUAL DATA

- . Source: Suburban Bus System Service Performance Report for the Periods January-March & April-June 1985.
- . 1st and 2nd Quarter data by Pace Service type - Major Suburban, Satellite Carriers, Other Subsidized; Contracted Service - was used to project 1985 totals. Proportional projection based on 1984 data was used to eliminate seasonality bias.
- . Paratransit ridership projection made using the same method and same source.

EXHIBIT 2-43
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Suburban Bus Annual Calendar Year Ridership



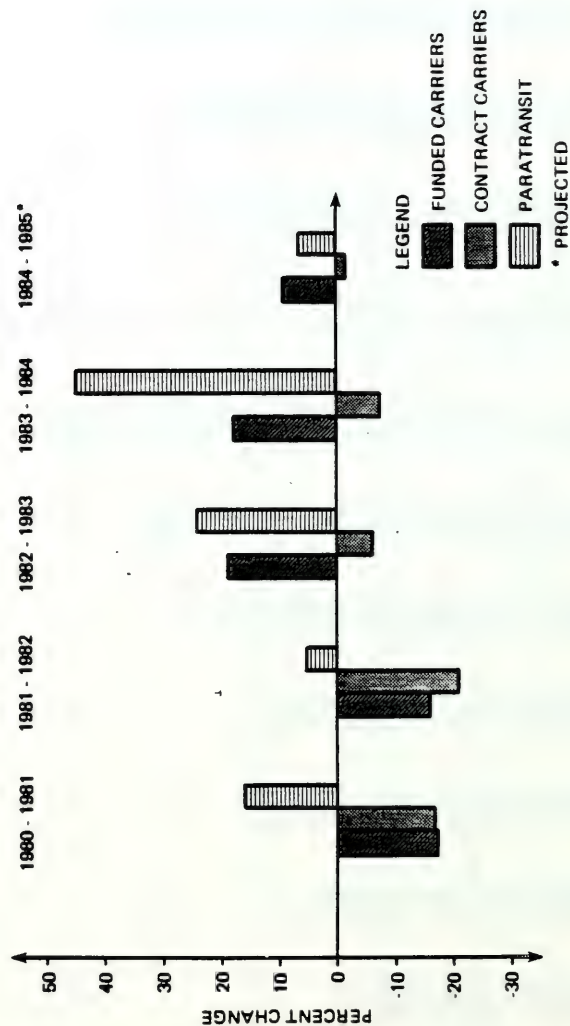
Planning & Development Department

2.4 SBD Environment . . . Service and Ridership

THE SUBURBAN BUS RIDERSHIP BASE CONTINUES TO GROW

- Historical (calendar year) ridership data reflects a steady increase since the early 1970s, with the exception of 1981-1982 (Exhibit 2-43).
- The financial crisis of the RTA resulted in service cutbacks and fare increases that adversely impacted the trend.
- Since 1982, ridership has continued to rise with 1985 expected to result in a record for pace ridership.
- Land use and demographic forecasts support continued suburban growth.

EXHIBIT 2-44
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
Changes in SBD Ridership



2.4 SBD Environment . . . Service and Ridership

SERVICE AND RIDERSHIP CHANGE HAS VARIED AMONG SERVICE TYPES (EXHIBITS 2-44 AND 2-45)

- Paratransit has increased 140 percent from 1980 to 1985 to over 1 million riders.
- Funded and Pace-owned carrier ridership has grown 54 percent since 1982, to 36.7 million riders in 1985.
- Contract carrier service has declined steadily since 1980 with 1985 ridership expected to be 1.7 million.
- Funded and Pace-owned carriers continue to carry the bulk of suburban riders - 93 percent estimated for 1985.

EXHIBIT 2-45
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
SBD Ridership by Carrier Type
(000)

	1980	1981	1982	1983	1984	1985*
Funded Carriers	34,302	28,387	23,864	28,371	33,500	36,701
Contract Carriers	2,920	2,424	1,921	1,811	1,688	1,663
Paratransit	442	514	542	673	977	1,044
TOTAL	37,664	31,325	26,327	30,855	36,165	39,408

* Projected from actual 1985 Pace monthly ridership data

NOTE: 1980-1984 data from RTA and SBD financial statements

EXHIBIT 2-46
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

SBD Service Level Statistics (000s)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Annual Vehicle Miles						
Funded Carriers	16,406	13,788	12,241	15,011	15,926	15,789
Contract Carriers	1,910	2,373	2,209	2,197	2,161	N/A
Paratransit	836	1,204	1,232	1,376	2,941	N/A
Annual Vehicle Hours						
Funded Carriers	1,200	1,080	859	1,042	1,104	1,110
Contract Carriers	107	128	116	106	108	N/A
Paratransit	55	79	81	97	152	N/A

SOURCE: RTA and Pace

2.4 SBD Environment . . . Service and Ridership

SERVICE FOR FUNDED CARRIERS HAS RETURNED TO CONSTANT LEVELS FOLLOWING CUTBACKS IN 1981 AND 1982; WHILE PARATRANSIT SERVICE LEVELS HAVE RISEN SINCE 1980 (EXHIBIT 2-46)

- Annual service miles for funded carriers have remained fairly constant from 1983 to 1985, but are below the 16.4 million level of 1980.
- Annual vehicle hours for funded carriers have been over the 1 million mark since 1983, but have not yet reached the 1.2 million level of 1980.

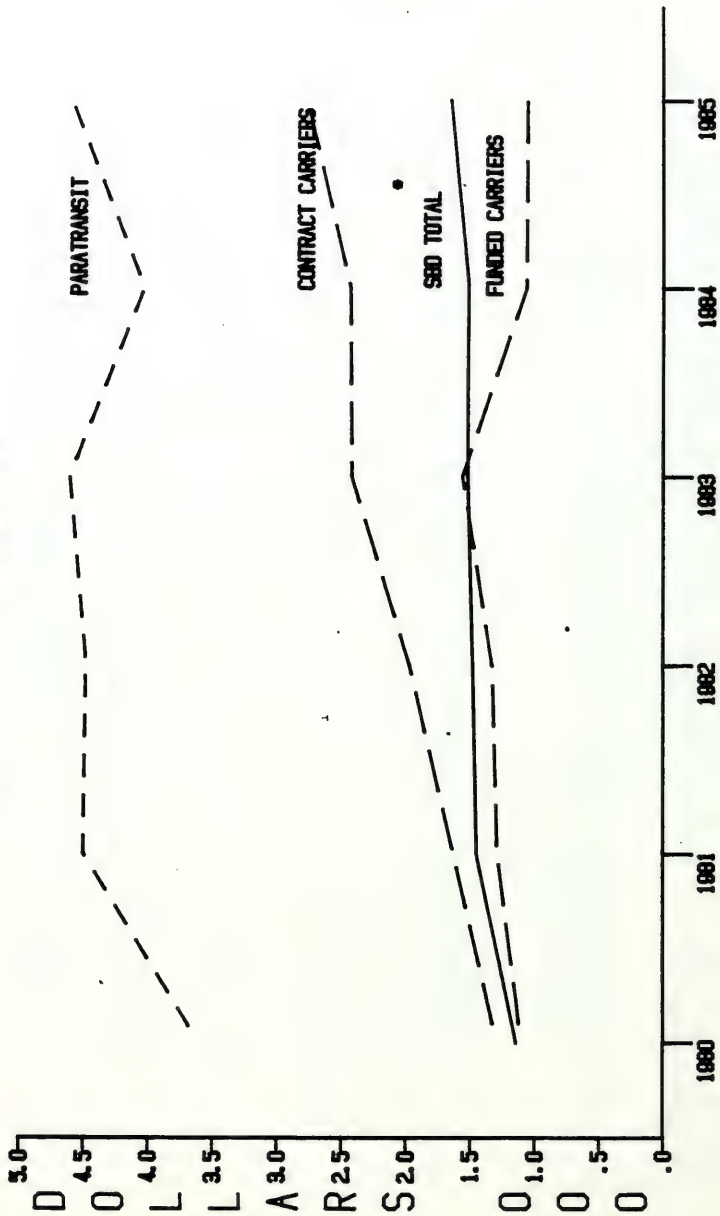
- The number of fixed routes has remained between 130 and 137 since 1981, indicating that service per route has risen since 1980

	<u>1980</u>	<u>1985</u>
- Vehicle Miles per Route	90,000	115,000
- Hours per Route	7,000	8,100

- Paratransit service levels have risen in parallel with the 140 percent ridership increase in 1980
- Annual vehicle miles have risen 250 percent from 1980 to 1984, including a 114 percent increase between 1983 and 1984.
- Annual vehicle hours have increased 176 percent from 1980 to 1984.

EXHIBIT 2-47
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

COST PER PASSENGER



* includes unallocated expenses

2.4 SBD Environment . . . Performance Trends - Cost per Passenger

SBD's SYSTEMWIDE COST PER PASSENGER HAS INCREASED SINCE 1981 (EXHIBIT 2-47)

• Cost per passenger has increased 13.8 percent since 1981, from \$1.45 to \$1.65 in 1985.

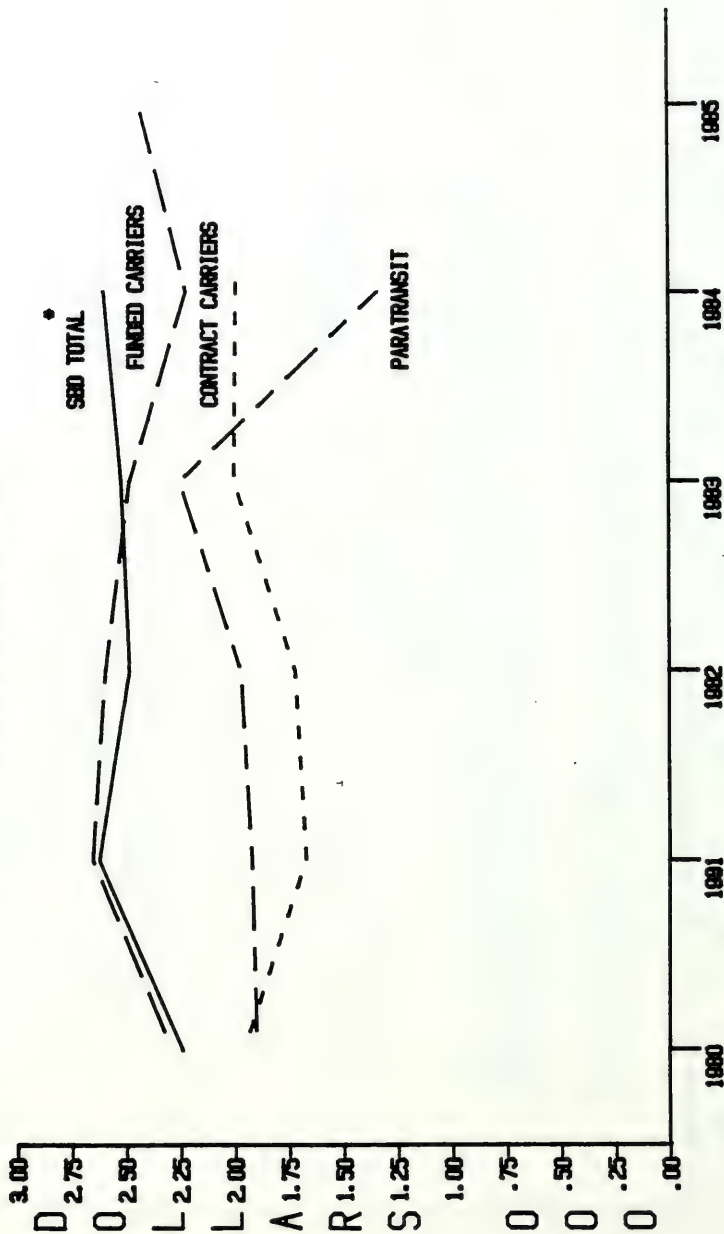
• For 1985, the relative costs per passenger (excluding administrative and central costs) and percentages of total ridership were:

	<u>Cost/Passenger</u>	<u>% of Ridership</u>
- Paratransit	\$4.60	3%
- Contract Carriers	\$2.77	4%
- Funded Carriers	\$1.05	93%
Average/Total	\$1.65*	100%

* System average includes unallocated expenses, including administration and centralized support, fuel, tires and insurance.

EXHIBIT 2-48
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

COST PER MILE



* Includes unallocated expenses

2.4 SBD Environment . . . Performance Trends - Cost per Mile

COST PER MILE PERFORMANCE HAS BEEN VERY FAVORABLE SINCE 1981 (EXHIBIT 2-48)

- Systemwide cost per mile has been almost constant from 1981 to the current 1984 value of \$2.61 per mile; inflation has risen 9 percent over the same time period.
- Funded carrier performance has improved since 1981. Changes in the centralized expense allocation procedures in 1984 and 1985 explain the significant advances in these years.
- Paratransit shows a substantial drop in costs per mile resulting from a 114 percent increase in miles between 1983 and 1984, to 2.9 million miles, with only a 27 percent increase in cost to \$4 million. Data for this carrier type are subject to wide interpretation because of the variety of ownership/leasing arrangements between PACE and the municipalities.

EXHIBIT 2-49
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

MILES PER EMPLOYEE



2.4 SBD Environment . . . Performance Trends - Miles per Employee*

THE DECLINE IN ANNUAL MILES PER EMPLOYEE IS LEVELLING OFF (EXHIBIT 2-49)

• Personnel levels have increased 33 percent from 1981 to 1985; however, a reduction of 4 percent occurred in 1985.

• Following a decline in 1981 and 1982, service levels have remained relatively constant for funded carriers.

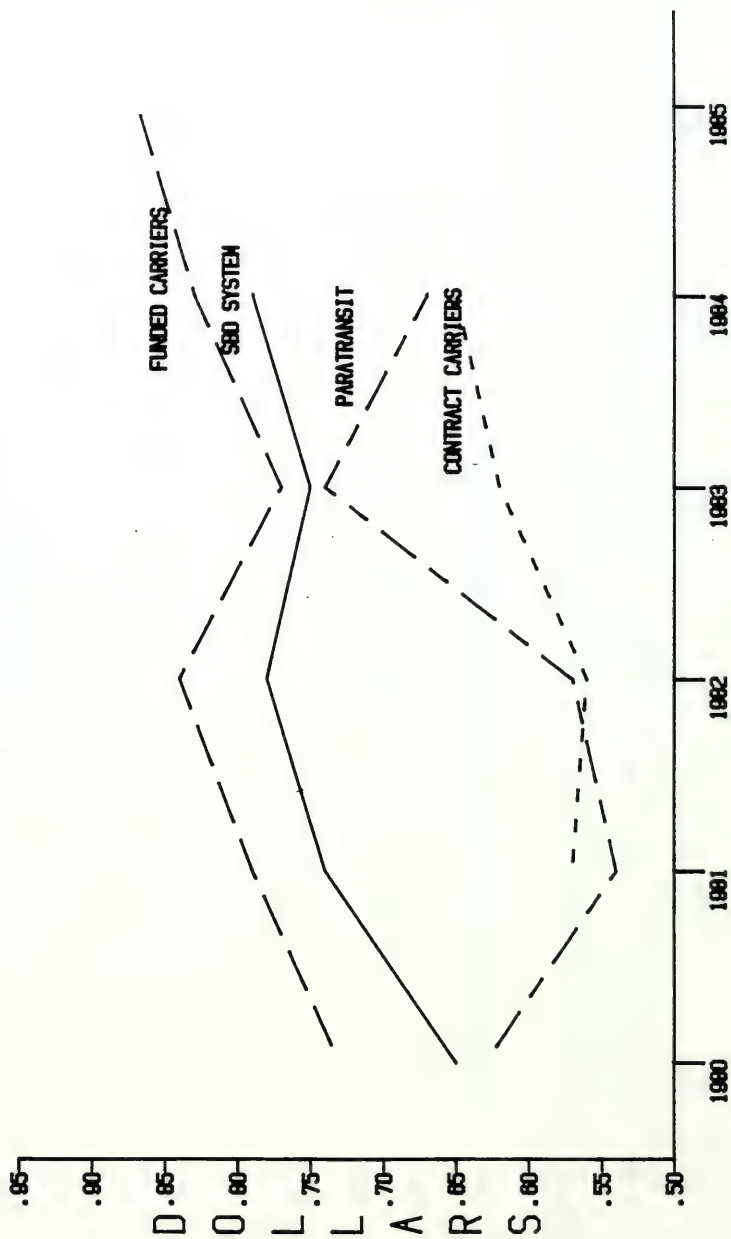
• Employee increases since 1981 have been fairly consistent across functions

- Operations:	29 Percent
- Maintenance:	45 Percent
- Administration:	<u>43 Percent</u>
Total	33 Percent

* Employee data available for funded carriers only

EXHIBIT 2-50
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

REVENUE PER MILE



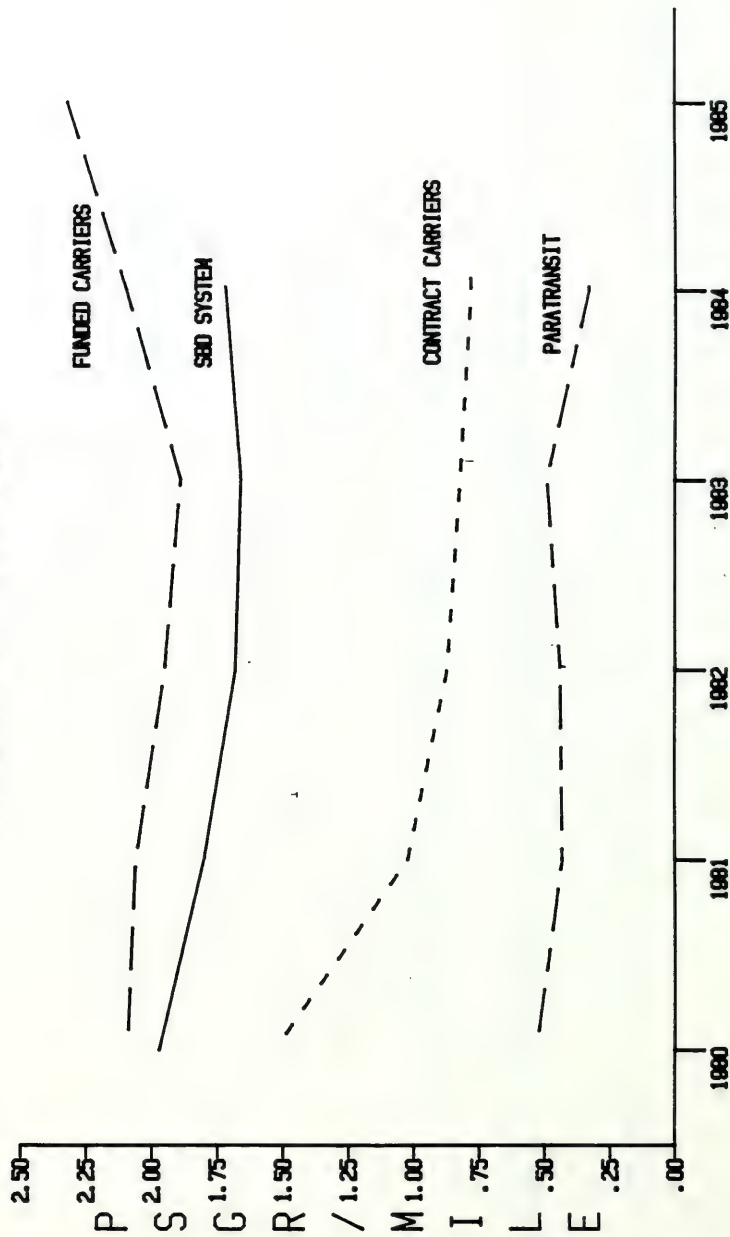
2.4 SBD Environment . . . Performance Trends - Revenue per Mile

FOR SBD, IN TOTAL, REVENUE PER MILE HAS BEEN FAIRLY STABLE; REVENUE PER MILE HAS INCREASED FROM \$0.74 PER MILE IN 1981 TO \$0.79 IN 1984 (EXHIBIT 2-50)

- As service levels and annual passengers have increased, fares have remained constant
 - Following declines in 1981 and 1982, annual passengers have increased 37 percent through 1984.
 - Service miles likewise declined in 1981 and 1982, and subsequently increased 34 percent through 1984.
 - Fare levels have not changed since 1981.
- The largest carrier type for SBD, funded carriers, has varied in a narrow range from 1981 to 1984 (\$0.79 to \$0.83); the estimated revenue/mile for funded carriers in 1985 is \$0.87.

EXHIBIT 2-51
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

PASSENGERS PER MILE



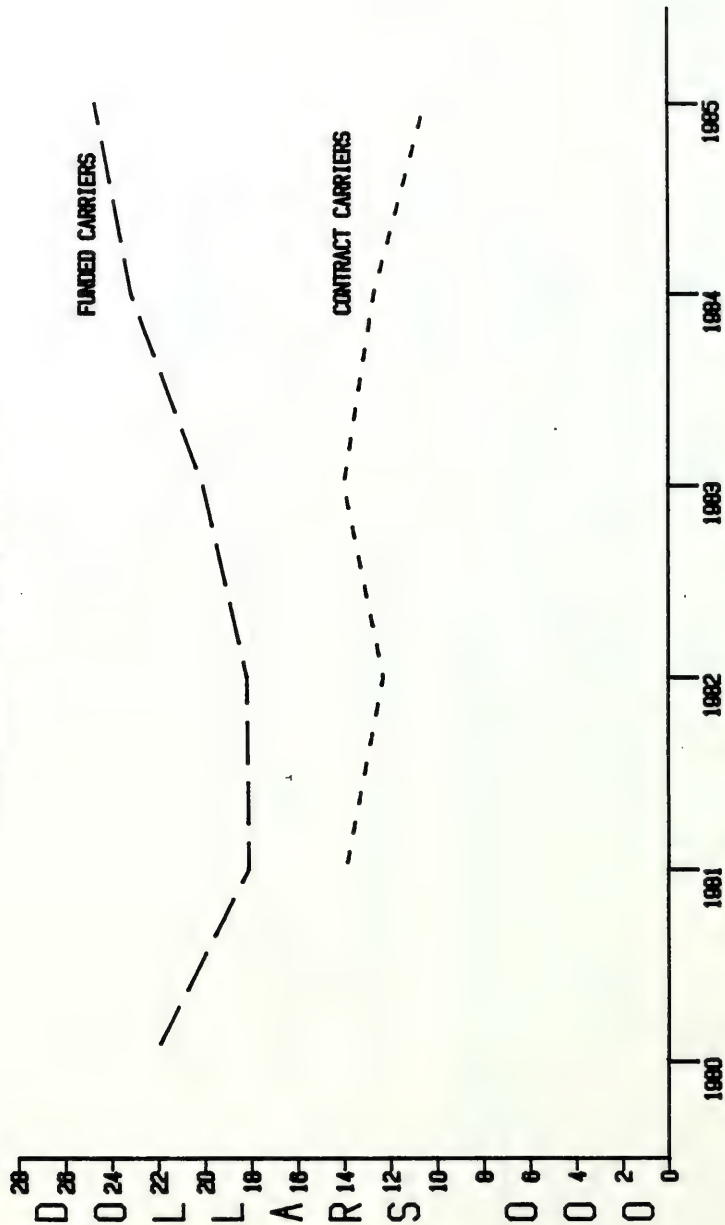
2.4 SBD Environment . . . Performance Trends - Passengers per Mile

PASSENGERS PER MILE HAS BEEN FAIRLY CONSTANT SINCE 1981, AS RIDERSHIP AND SERVICE HAVE RISEN PROPORTIONATELY (EXHIBIT 2-51)

- Between 1981 and 1984 ridership has increased 37 percent, while service miles have risen 34 percent.
- Funded carrier passenger per mile performance has risen in 1984 and 1985, exceeding pre-1981 levels.
- Contract carrier and paratransit ridership per mile have declined since 1980.

EXHIBIT 2-52
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

REVENUE PER VEHICLE



2.4 SBD Environment . . . Performance Trends - Revenue per Vehicle

REVENUE PER VEHICLE HAS STEADILY INCREASED FOR FUNDED CARRIERS SINCE 1982; HOWEVER, REVENUE PER PEAK VEHICLE FOR CONTRACT CARRIERS HAS BEEN DECLINING SINCE 1983 (EXHIBIT 2-52)

- . The fleet size for funded carriers has been relatively constant following a drop in 1981, while annual passengers and revenue have increased steadily since 1982.
- . The contract carrier peak vehicle fleet has remained at about 100 vehicles, while the ridership base continues to decline.
- . Complete Paratransit fleet information is not available -- information on PACE-owned is known but municipality owned or privately owned (taxi) vehicles are not known..

2.4 SBD Environment . . . Fixed-Route Service Evaluation

SBD HAS FORMAL SERVICE GUIDELINES AND EVALUATION CRITERIA

- Level of service guidelines for fixed-route service include:
 - A threshold density (population plus employment) of 4,000 persons per square mile should receive a minimum of regular hourly service.
 - A threshold density of 2,500 persons per square mile should receive feeder service.
- Service evaluation is performed by service type for comparability. Service types, defined previously, include inner suburban, outer suburban, satellite, and feeder services.
- Existing service is evaluated quarterly, while evaluation of new service is completed after six months and one year of data have been received.

EXHIBIT 2-53
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
PACE ROUTE EVALUATION STANDARDS

	Regular Routes				Feeder Routes	
	Inner Suburban		Outer Suburban		Satellite City	
	Inner Suburban	Outer Suburban	Outer Suburban	Satellite City	Feeder Routes	Feeder Routes
Existing Service						
1. Ridership* - percentage of classification average	40%	50%	50%	50%		40%
2. Farebox Recovery Ratio - percentage of mandated standard for specified year	50%	50%	50%	50%		40%
New Service						
1. Ridership* - percentage of classification average	20%	25%	25%	25%		20%
2. Farebox Recovery Ratio - percentage of mandated standard for specified year	Not used at the six month evaluation					
1. Ridership* - percentage of classification average	40%	50%	50%	50%		40%
2. Farebox Recovery Ratio - percentage of mandated standard for specified year	50%	50%	50%	50%		40%

* Ridership is defined as passengers per revenue hour for regular route service and passengers per bus for feeder service.

2.4 SBD Environment . . . Fixed-Route Service Evaluation

STANDARDS FOR PRIMARY AND SECONDARY EVALUATION OF REGULAR AND FEEDER ROUTES HAVE BEEN ESTABLISHED (EXHIBIT 2-53)

	<u>Regular Routes</u>	<u>Feeder Routes</u>
• Primary Criteria	Passengers/Bus Farebox Recovery	Passengers/Bus Farebox Recovery
• Secondary Criteria	Pasngrs/Rev Mile Deficit/pasngr Ridership Trend	Expense/Bus Expense/Hour Deficit/pasngr Ridership Trend

2.4 SBD Environment . . Fixed-Route Service Evaluation

SBD HAS A STRUCTURED PROCESS AND RATIONALE FOR SERVICE EVALUATION

- Analysis of route performance is a sequential process:
 - Review route performance
 - Develop "targeted" list of poorly performing routes
 - Place route on probationary period and monitor closely
 - Termination/Change
- The viability of new routes is based upon:
 - 1/3 ridership and revenue potential
 - 1/3 demographics
 - 1/3 area coverage, vehicle availability, type of service

- Loading standards on vehicles are as follows:

	<u>Regular</u>	<u>Feeder</u>	<u>Express</u>
- Non-Peak	1.00	1.00	-
- Peak	1.50	1.15	1.00

2.4 SBE Environment . . . Labor Cost Data

WIDE VARIATION EXISTS IN TOP HOURLY WAGE RATES OF EMPLOYEES OF FUNDED CARRIERS WITH THE FOUR PACE-OWNED CARRIERS GENERALLY HAVING HIGHER RATES THAN THE OTHER FUNDED CARRIERS

	<u>Operator Wage</u>	<u>Mechanic Wage</u>
NORTRAN	\$11.64	\$13.00
Pace West Division	13.04	13.87
Pace South Division	11.47	11.68
Pace Southwest Division	12.00	12.70
Pace North Division	11.67	12.81
Elgin	10.45	12.79
Joliet	10.82	11.48
Aurora	9.22	8.60
NilesMunicipal Employees.....	
Melrose ParkMunicipal Employees.....	

Source: Pace Funded Carrier Cost & Performance Review
January-June, 1985.

2.5 RTA Environment . . . Financial Performance Scenarios

THREE SCENARIOS CATEGORIZED OUR INVESTIGATIONS OF THE RECOVERY RATIO AND CASH FLOW IMPACT OF POSSIBLE TRENDS IN RIDERSHIP, COSTS, FARES AND SALES TAX CHANGES

- Positive, neutral and negative scenarios were created.
- For each scenario, several possible combinations of events were examined.
- Events were categorized according to RTA financial impact and expected public acceptance.
- RTA financial impact was judged by three factors:
 - Capability to contain costs within expense targets
 - Availability of funds for potential capital transfers
 - Achievement of system generated revenue targets.

EXHIBIT 2-54
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

System Ridership and Service Performance

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
 Passengers and Miles in Millions					
Passengers	812.7	744.2	700.9	701.5	733.6	740.1
Passenger Miles(1)	4,153.2	3,757.9	3,459.9	3,451.7	3,624.6	3,709.1
Vehicle Miles	188.0	182.2	169.6	172.4	172.8	174.4

(1) Includes the following Assumptions: CTA-Rail = 2.3 Miles/Passenger;
CTA-Bus = 6.9 Miles/Passenger; SBD = 4 Miles/Passenger

SOURCES:

Passengers and Vehicle Miles: Individual service board summaries.

Passenger Miles:

CRD-from service board summary

CTA-Avg. miles per passenger supplied by CTA

SBD-Avg. miles per passenger estimated by Booz, Allen

2.5 RTA Environment . . . Service and Ridership Levels

THE 1980-1985 SERVICE AND RIDERSHIP SUMMARY FOR THE RTA SYSTEM EXHIBITS RIDERSHIP, PASSENGER MILES AND VEHICLE MILES ALL RECOVERING FROM A MID-PERIOD DECLINE, BUT REMAINING BELOW 1980 LEVELS (EXHIBIT 2-54)

- Total passengers declined 14 percent to a low of 700.9 million in 1982, but are projected to increase 5.5 percent, to 740.1 million, in 1985 in response to recent service increases and fare stabilization.
- Passenger miles continued to decrease beyond 1982 into 1983, dropping 17 percent from their 1980 level to 3,451.7 million miles. The reason for this lag is the continued drop in passengers for the CRD through 1983; as CRD passengers have the longest trip length, overall passenger miles were impacted and still decreased despite an upturn in systemwide passenger totals. But passenger miles have increased since 1983, and are projected to increase by over 25 million miles to 3,709.1 in 1985.
- Vehicle miles for the system also dropped until 1982, reaching a low of 169.6 million miles as service cuts were implemented by all service boards. An increase of 4.8 million miles, or 2.8 percent, is projected for 1985 - only one-half of the passenger increase over the same period. This demonstrates higher utilization of service offered since 1982.

EXHIBIT 2-55 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

RTA Five-Year Financial Summary

SYSTEM TOTALS BY CALENDAR YEAR

	Calendar Year					(1)
	1980	1981	1982	1983	1984	1985
 (\$s In Millions)
System Revenue	\$322.6	\$411.6	\$417.4	\$414.7	\$439.4	\$431.4
Operating Expenses (2)	\$734.7	\$783.4	\$739.8	\$776.8	\$826.1	\$911.2
Operating Deficit	\$412.1	\$371.8	\$322.4	\$362.1	\$386.7	\$479.8
System Recovery Ratio	43.9%	52.5%	56.4%	53.4%	53.1%	47.3%

(1) Budgeted total for 1985.

(2) System operating expense includes RTA administrative expense

(3) System recovery ratio is calculated by dividing system revenue by system operating expense.

SOURCES:

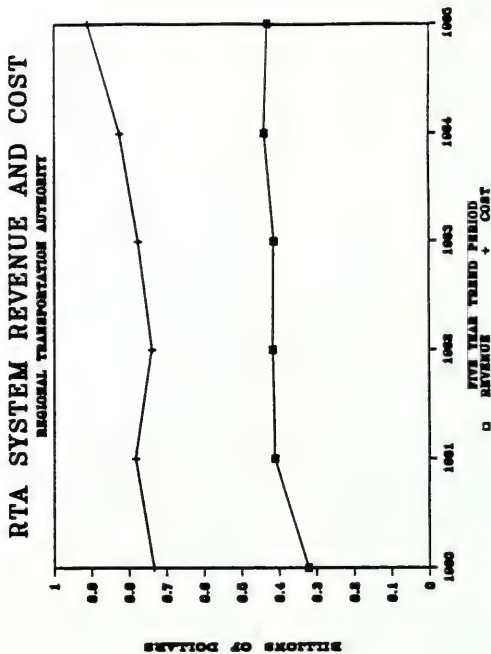
CTA/CRO/SDO;

RTA Administrative Expense: 1984 audit of the RTA, statistical section

Expense number was correlated into calendar years by Booz,

Allen for comparability purposes - will not correlate to

previous financial statements.



2.5 RTA Environment . . . Financial Performance - Operating Deficit

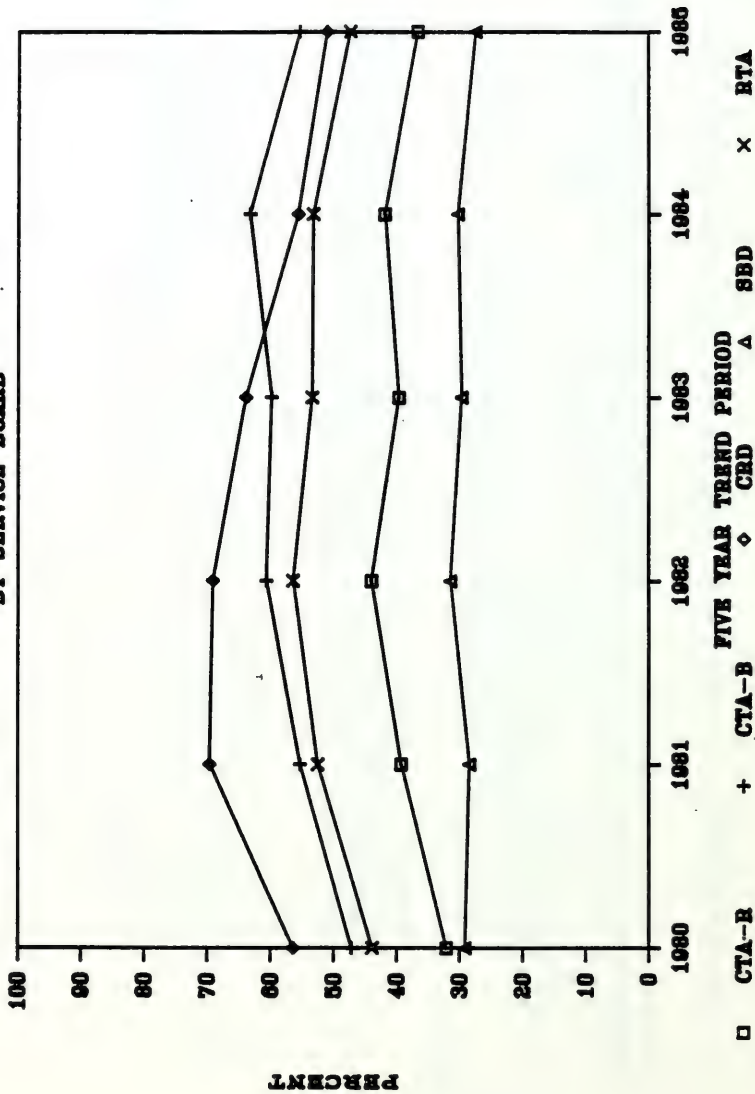
SYSTEMWIDE OPERATING DEFICITS DECLINED IN 1981 AND 1982 AS OPERATING EXPENSE DROPPED AND REVENUES ROSE, BUT HAVE BEEN RISING EVER SINCE AS REVENUES FAILED TO KEEP UP WITH RISING OPERATING EXPENSES (EXHIBIT 2-55)

- The system operating deficit reached a low of \$322.4 million in 1982 as fares were raised and service dropped - - increasing revenue, but cutting costs over the 1980-1982 period.
- Expenses increased by \$86.3 million over the next two years, but revenues did not keep pace, rising only \$22 million for the same period as a result of lower fares or passenger decreases experienced by the various service boards.
- Operating expenses¹ are budgeted to reach a high of \$911.2 million in 1985 with revenues approaching \$431.4 million, resulting in a deficit of \$479.8 million. This represents a full 24 percent increase over 1984 levels; however, performance of each service board against budget has been favorable to date, indicating that the budgeted deficits are probably overstated.

EXHIBIT 2-56
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

RTA SYSTEM RECOVERY RATIO

BY SERVICE BOARD



2.5 RTA Environment . . . Financial Performance - Farebox Recovery

WHILE INDIVIDUAL SERVICE BOARD PERFORMANCE HAS VARIED WIDELY, THE SYSTEMWIDE FAREBOX RECOVERY RATIO HAS REMAINED NEAR THE 50 PERCENT LEVEL, RISING TO A PEAK IN 1982, THEN FALLING THROUGH THE REMAINDER OF THE 1980-1985 PERIOD (EXHIBIT 2-56)

- The system average was at a low of 43.9 percent in 1980, before rising to a high of 56.4 percent in 1982 in response to decreases in the overall operating deficit.

- The CRD and CTA-Bus Divisions performed better than the system average, while CTA-Rail and SBD have remained below the system average.

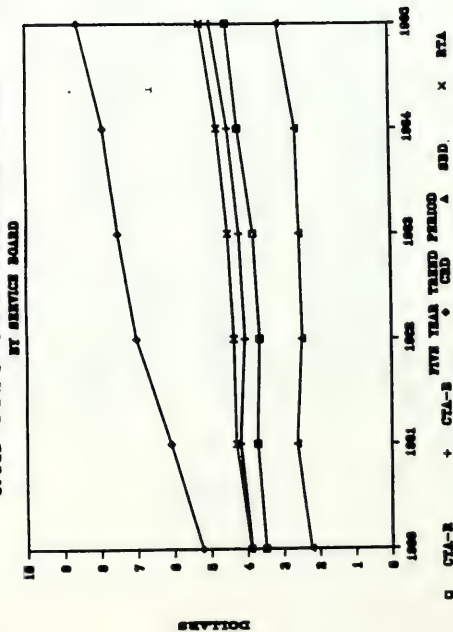
- The only change in relative position occurred when the CRD and CTA-Bus traded places in 1984. The projected 1985 ratios for each service board are:

- CTA-Bus:	55.3%
- CRD:	51.0%
- CTA-Rail	36.6%
- SBD:	27.4%

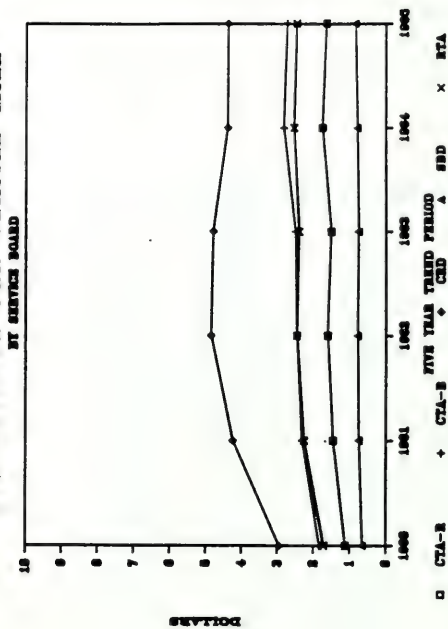
- As the gap between system expense and revenue has widened, the operating ratio has fallen, with a projected 1985 level of 47.3 percent.

EXHIBIT 2-57 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

RTA COST PER VEHICLE MILE



RTA REVENUE PER VEHICLE MILE



2.5 RTA Environment . . . Financial Performance

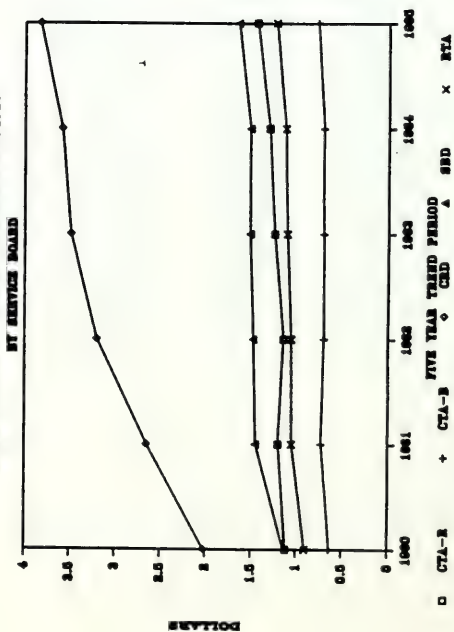
- Cost and Revenue per Vehicle Mile

COST AND REVENUE PER VEHICLE MILE HAS SLOWLY RISEN ON A SYSTEMWIDE BASIS, WITH COST RISING FASTER THAN REVENUE PER UNIT OF VEHICLE MILE OUTPUT (EXHIBIT 2-57)

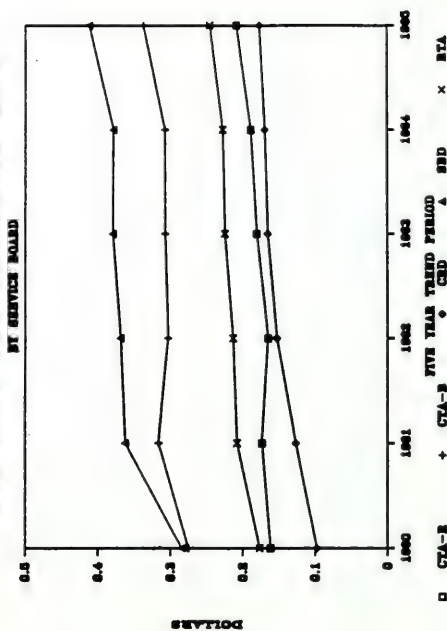
- RTA cost per vehicle mile has risen steadily due to steady operating cost increases from \$3.91 in 1980 to a projected \$5.22 in 1985, a 33 percent increase.
- RTA revenue per vehicle rose quickly in 1980-1982 to \$2.46, but has stabilized since then - rising less than 1 percent overall, to \$2.47 in 1985.
- The relative position of each service board has remained unchanged over the entire period, with the CRD incurring the highest cost and revenue per vehicle mile, CTA-Bus and CTA-Rail performing at or near the system average, and SBD exhibiting the lowest cost and revenue per vehicle mile.

EXHIBIT 2-58 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

RTA COST PER PASSENGER



RTA COST PER PASSENGER MILE



2.5 RTA Environment . . . Financial Performance

- Cost per Passenger and Passenger Mile

COSTS PER PASSENGER AND PER PASSENGER MILE INDICATE INCREASES IN TOTAL COSTS ACROSS THE 1980-1985 TIME PERIOD, AND ILLUSTRATES THE EFFECT OF MEASURING RIDERSHIP IN TERMS OF PASSENGERS AND PASSENGER MILES ON SERVICE BOARD PERFORMANCE (EXHIBIT 2-58)

. Overall costs per mile passed the \$1 per passenger and \$0.20 per passenger mile mark during the period, with 1985 showing stronger growth in the 1984-1985 period.

. Cost per mile versus cost per passenger mile reverses the relative ranking of the modes and service boards with rail modes favored by a passenger mile statistic:

Cost/Passenger

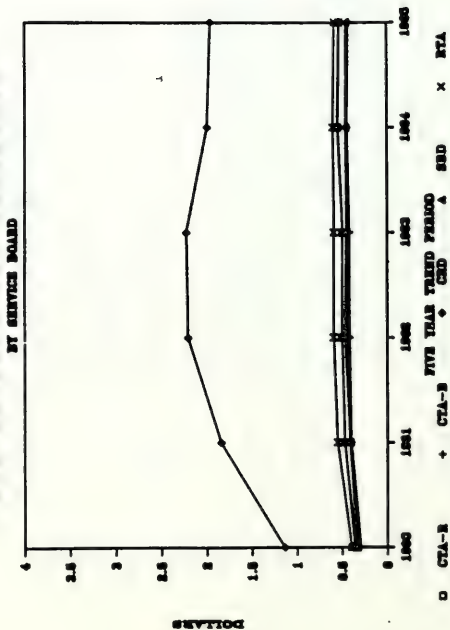
CTA-Bus
CTA-Rail
SBD
CRD

Cost per Passenger Mile

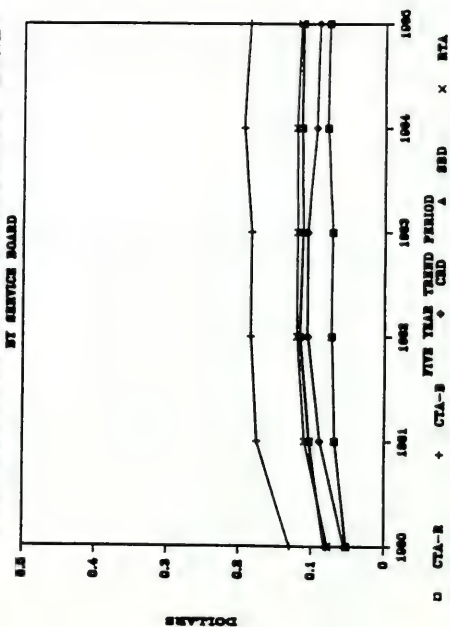
CRD
CTA-Rail
CTA-Bus
SBD

EXHIBIT 2-59
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

RTA REVENUE PER PASSENGER



RTA REVENUE PER PASSENGER MILE



2.5 RTA Environment . . . Performance Trends

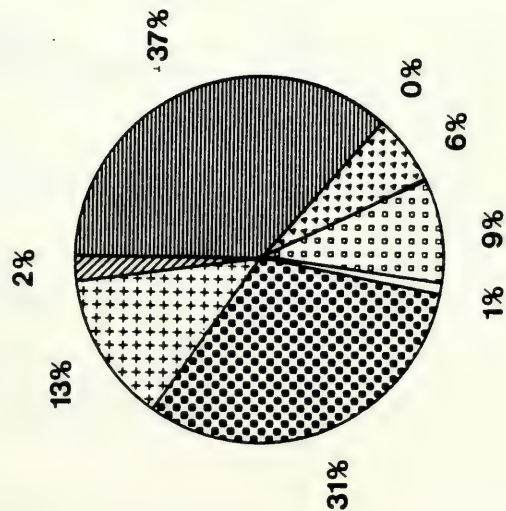
- Revenue per Passenger and Passenger Mile

RTA REVENUE PER PASSENGER AND PER PASSENGER MILE HAS REMAINED RELATIVELY CONSTANT THROUGH THE 1982-1985 PERIOD AFTER THE INCREASE IN 1981 ASSOCIATED WITH FARE INCREASES (EXHIBIT 2-59)

- . Revenue was budgeted at slightly more than \$0.50 per passenger and \$0.10 per passenger mile for 1985.
- . With longer trip lengths and higher fares, Metra's revenue per passenger ranged from 2 to 2.5 times the overall revenue per passenger for the RTA - - on a per passenger mile basis, however, the Commuter Rail Division's revenue was lower than the RTA average.
- . CTA-Rail and CTA-Bus both have average revenue per passenger in the \$0.50 range, indicating the impact of the high transfer rate with low transfer fare.

RTA DERIVES REVENUE FROM A NUMBER OF SOURCES AS SHOWN BELOW IN EXHIBIT 2-60

EXHIBIT 2-60
SOURCE OF RTA REVENUES - 1985 SYSTEMWIDE ESTIMATE










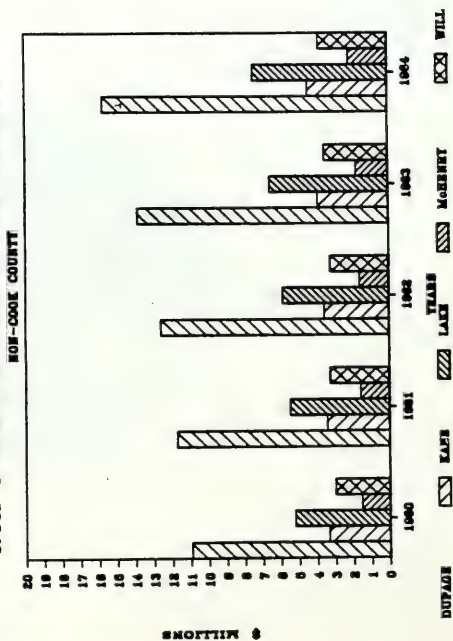
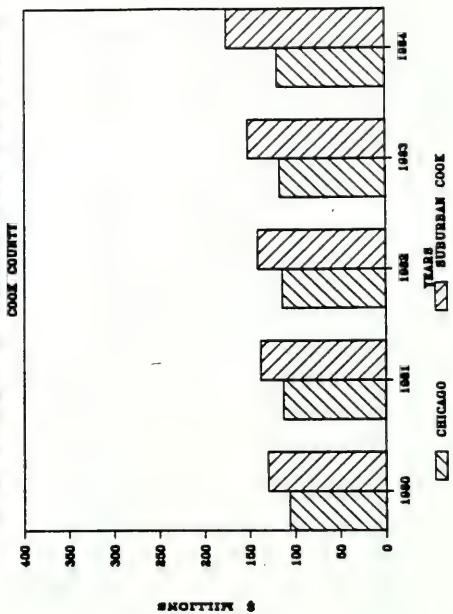
IN MILLIONS \$				
	SALES TAX	345	OTHER	
—	GAS TAX	0.3	CTA	
	FEDERAL	59	METRA	
	STATE	86	PACE	
				7
				294
				126
				18

EXHIBIT 2-61
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

RTA FORMULA SALES TAX PROCEEDS



RTA FORMULA SALES TAX PROCEEDS



2.5 RTA Environment . . . Sales Tax Revenue

CHICAGO AND SUBURBAN COOK COUNTY PROVIDED THE DOMINANT SHARE OF RTA SALES TAX REVENUE; HOWEVER, SALES TAX PROCEEDS GREW MORE RAPIDLY OUTSIDE CHICAGO (EXHIBIT 2-61)

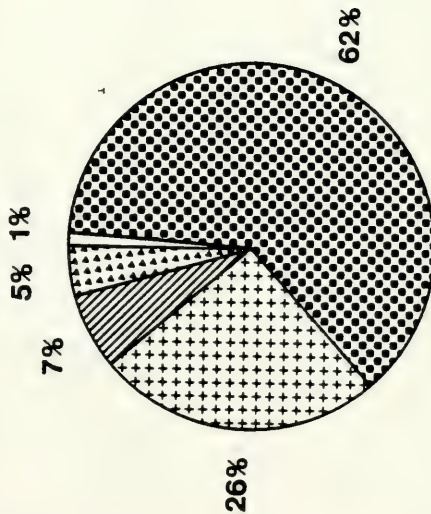
Relative Sales Tax Contributors (%)






<u>County</u>	<u>1980</u>	<u>1984</u>	<u>Compound Growth</u>
Chicago	40.8	36.3	2.9
Suburban Cook	49.9	53.4	7.8
DuPage	4.2	4.8	9.5
Kane	1.3	1.3	7.1
Lake	2.0	2.3	9.2
McHenry	0.6	0.7	8.5
Will	1.2	1.2	2.0
	<u>100.0</u>	<u>100.0</u>	

2.5 RTA Environment . . . Uses of Revenues

THE CTA EXPENDED THE LARGEST SHARE OF REGIONAL TRANSIT FUNDS IN 1985 AS SHOWN BELOW IN EXHIBIT 2-62

EXHIBIT 2-62
USE OF RTA REVENUES - 1985 SYSTEMWIDE ESTIMATE



IN MILLIONS \$		
	RTA	11
	CTA	587
	METRA	243
	PACE	66
	CAPITAL	40

3. ISSUES

EXHIBIT 3-1
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Issue Ranking: Responses by Strategic Planning Committee

Rank	Issue	Committee Member						Total	Average
		1	2	3	4	5	6		
1	Operating Funds Availability	10	10	10	9	10	8	66	9.4
2	Capital Funds Availability	10	10	10	8	10	8	65	9.3
3	Facility Needs	10	10	10	9	8	8	62	8.9
4	Productivity Improvement	10	10	10	7	7	10	61	8.7
4	Labor Management	8	10	10	8	9	9	61	8.7
4	Duplication of Service	7	10	9	6	10	10	61	8.7
7	Operating Funds Allocation	6	10	10	6	10	8	59	8.4
8	Cost Containment	10	5	10	6	9	10	58	8.3
8	Capital Funds Allocation	6	10	10	5	10	8	58	8.3
10	Economic Development	3	10	10	9	8	8	53	7.6

3.1 Issues Identified by Strategic Planning Committee

THE STRATEGIC PLANNING COMMITTEE'S RANKING OF THE TOP TEN ISSUES (EXHIBIT 3-1) ILLUSTRATES A CONCERN FOR FUNDING AVAILABILITY; FACILITY NEEDS; PRODUCTIVITY; AND MANAGEMENT OVER COSTS, SERVICE AND FINANCIAL RESOURCES. DETERMINATION TO AVOID THE PAST FINANCIAL PROBLEMS AND SET A CLEAR COURSE FOR THE FUTURE OF PUBLIC TRANSIT IS EVIDENT IN THESE CHOICES.

- The committee chose from a number of issues divided into five major groups:

- Organizational
- Financial
- Service
- Management
- External

- Interrelationships between the issues were noted - - the linkage of selected issues and others is shown in Exhibit 3-2.

EXHIBIT 3-2
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Relationship Between Selected and Related Issues

<u>Selected Issue</u>	<u>Related Issue</u>
Operating Funds Availability	Equity Fare Policy Coordination/Structure/Increases Other Sources of Revenue Marketing
Capital Funds Availability	Other Sources of Revenue Joint Development Elderly and Handicapped Service Central Administration
Facility Needs	Joint Development Private Role
Productivity Improvement	Employee Development Private Role
Labor Management	Employee Development Private Role

EXHIBIT 3-2
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN
Relationship Between Selected and Related Issues
(Continued)

<u>Selected Issue</u>	<u>Related Issue</u>
Duplication of Service	Regional Coordination Service Levels/Standards Response to Demand Shifts Social Responsibility Elderly and Handicapped Service Service Delivery Concept Centralized Administration
Operating Funds Allocation	Response to Demand Shifts Social Responsibility Elderly and Handicapped Service Equity
Capital Funds Allocation	Response to Demand Shifts Equity
Cost Containment	Responsibility for Budgets Responsibility for Cost Control Social Responsibility Elderly and Handicapped Service Centralized Administration
Economic Development	Regional Coordination Stability of Sales Tax Joint Development Response to Demand Shifts Service Delivery Concepts Marketing Crime

3.2 Issues Identified by Technical and External Advisory Committees

ISSUES WERE IDENTIFIED BY MEMBERS OF THE TECHNICAL AND EXTERNAL ADVISORY COMMITTEES THROUGH WORKSHOP SESSIONS HELD BY THE NORTHEASTERN ILLINOIS PLANNING COMMISSION

- Participants represented various governmental perspectives -- particularly professional staff members of state and local governments.
- Issues identified emphasized more global or long-term considerations in contrast to short-term issues of service levels or funding issues.
- Overriding the issues of cost, revenues and service alternatives was the concern for who should make decisions and how decisions should be made to set a future course for the RTA.

3.2 Issues Identified by Technical and External Advisory Committees

MAJOR ISSUES INCLUDED:

- RTA structural relationships - - better definition of roles
- Service Alternatives
 - Privatization
 - Elderly and handicapped service
 - Ride safety, security and amenities
 - New technology
 - Response to demographic changes
- Revenues
 - Appropriate fare levels and structures
 - Marketing strategies
 - Joint development
 - public-private co-ventures
 - federal capital and operating levels
- Costs
 - Labor costs and labor agreements
 - Risks of deferred maintenance
 - Service cuts

3.3 Issues Supported by Financial Analysis

FINANCIAL ANALYSIS UNDER SEVERAL ASSUMPTIONS OF FUTURE TRENDS WAS PERFORMED TO ASSESS FINANCIAL STABILITY

- Summary financial model estimates impacts of several broad financial environmental factors:
 - Sales tax rate changes
 - Operating expense changes
 - Fare policy changes
 - Ridership changes
- On several measures of performance:
 - total system generated revenue
 - total system generated and public financial support revenues
 - total operating expenses
 - total operating expense limits given farebox ratio recovery limits

3.3 Issues Supported by Financial Analysis

FINANCIAL ANALYSIS UNDER SEVERAL ASSUMPTIONS OF FUTURE TRENDS WAS PERFORMED TO ASSESS FINANCIAL STABILITY

- Measures of financial feasibility are two-fold:
 - The recovery ratio test: total system expenses must be less than the expense limit (equal to system generated revenue divided by revenue recovery ratio)
 - The revenue adequacy test: total system expenses must be less than the total system revenues (equal to system generated revenues plus public funding - sales tax, federal operating funds, etc.)

3.3 Issues Supported by Financial Analysis

ANALYSIS OF FINANCIAL PERFORMANCE INDICATES THAT CONTINUING FINANCIAL FEASIBILITY OF THE RTA IS PARTICULARLY SENSITIVE TO OPERATING EXPENSE AND SALES TAX YIELDS

. Basic scenarios included assumptions of sales tax revenue growth and expense growth:

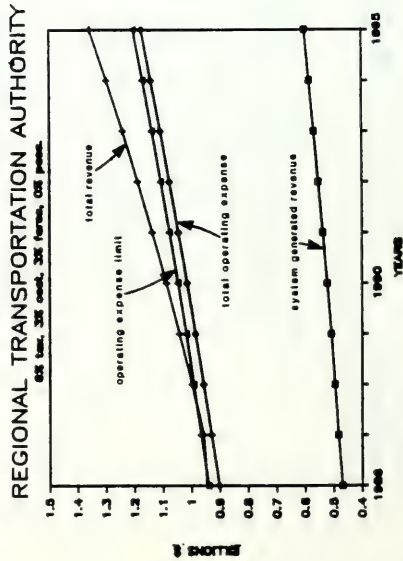
- sales tax increases of 3 percent and 6 percent per year
- ridership increases of 0, 1 and 2 percent per year
- operating expense growth of +3 percent and +5 percent per year

. The analysis consisted of defining the lowest level of fare increase that would result in financial stability given different levels of secular ridership growth

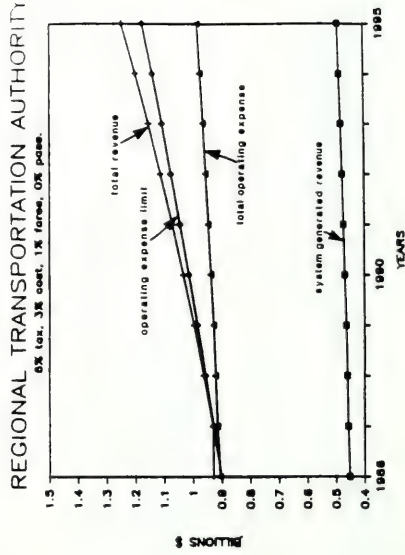
EXHIBIT 3-3 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Financial Scenario No. 1 5 Percent Increase in Operating Expenses

FINANCIALLY FEASIBLE SCENARIO



UNFEASIBLE FINANCIAL SCENARIO*



* Operating Expenses Exceed
Operating Expense Limit (SGR > RRA)

3.3 Issues Supported by Financial Analysis

WITH SALES TAX GROWTH RATES OF SIX PERCENT PER YEAR (THE CURENT AVERAGE GROWTH), FINANCIAL STABILITY IS ACHIEVED WHEN THE SUM OF AVERAGE FARE GROWTH AND RIDERSHIP GROWTH EQUAL OR EXCEED AVERAGE COST GROWTH

- . If operating expenses rise 5 percent per year (approximately the current average increase), the required fare increases added to the ridership growth rate must equal the cost growth to maintain financial stability (Exhibit 3-3).

Ridership

0%
1%
2%

Average Fare

5%
4%
3%

1

- . If operating expenses rise 3 percent per year, the required fare increases added to the ridership growth rate must equal the cost growth to maintain financial stability (Exhibit 3-4).

Ridership

0%
1%
2%

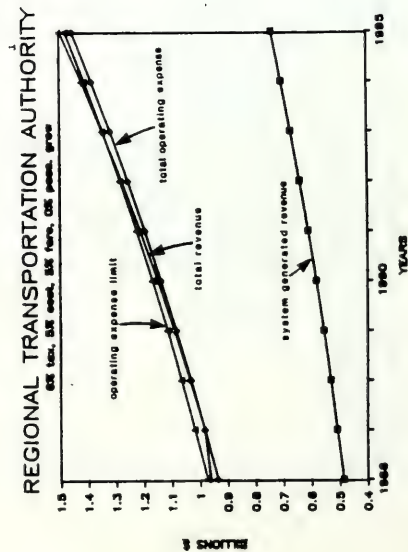
Average Fare

3%
2%
1%

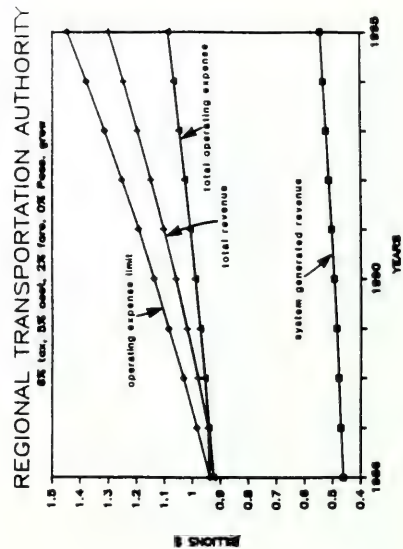
EXHIBIT 3-4
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Financial Scenario No. 2
3 Percent Increase in Operating Expenses

FINANCIALLY FEASIBLE SCENARIO



UNFEASIBLE FINANCIAL SCENARIO*



* Operating Expenses Exceed Both
Operating Expense Limit and Total Revenue

3.3 Issues Supported by Financial Analysis

WITH SALES TAX GROWTH RATES OF THREE PERCENT PER YEAR, FINANCIAL STABILITY REQUIRES THAT THE SUM OF AVERAGE FARE GROWTH AND RIDERSHIP GROWTH EXCEED AVERAGE COST GROWTH

- . If operating expenses rise 5 percent per year (approximately the current average increase), the required fare increases added to the ridership growth must exceed the operating expense rate by 3 percentage points:

<u>Ridership</u>	<u>Average Fare</u>
0%	8%
1%	7%
2%	6%

1

- . If operating expenses rise 3 percent per year, the required fare increases added to the ridership growth must exceed the operating expense rate by 1 percentage point:

<u>Ridership</u>	<u>Average Fare</u>
0%	4%
1%	3%
2%	2%

4. STRATEGIC OPTIONS

4.1 RTA Mission Statement

IN ORDER TO ACHIEVE THE LEGISLATIVE MANDATE IN THE RTA REORGANIZATION ACT AND TO ADDRESS THE ISSUES RAISED BY THE REGION AT LARGE, THE FOLLOWING IS A SUGGESTED MISSION STATEMENT FOR THE RTA

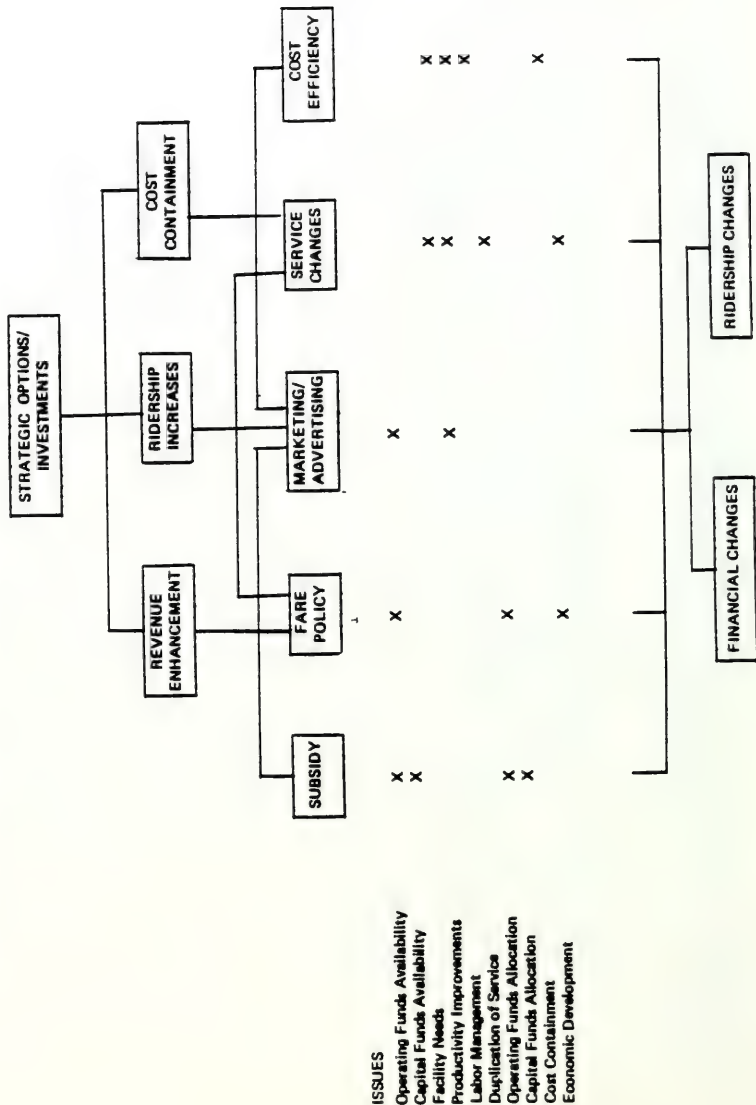
The mission of the RTA is to ensure that the financial resources available for public transportation in the region are utilized effectively to support and foster economic growth by formulating policy and fiscal controls, consistent with sound business practices, that will enhance the ability of its service boards to provide appropriate quantities of efficient, coordinated mobility at a reasonable price to the populous of communities whose individual characteristics, economies and growth rates vary substantially.

The execution of this mission in an environment that will require effective use of existing and future financial resources and in compliance with legislated requirements to capture a specific proportion of operating expenses from fares requires the RTA to:

- . Allocate resources for capital investments through a prudent return-on-investment basis;
- . Apportion discretionary operating funds with consideration for the most efficient means of satisfying travel needs; and
- . Seek the expansion and development of existing financial resource bases, and develop new sources to meet the needs of required cost-effective services.

EXHIBIT 4-1 RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

Strategic Option/Investments Related to Ten Priority Issues



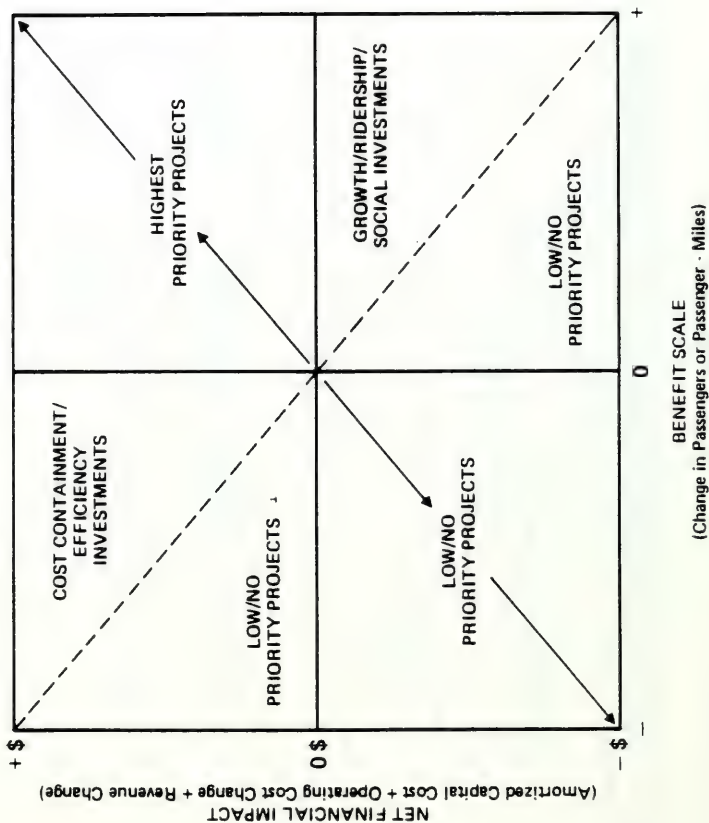
4.2 Goal Setting . . . Generic Options and Priority Issues

THE GENERIC OPTIONS AVAILABLE -- CHANGING RIDERSHIP, REVENUE OR COST -- ARE RELATED TO THE TEN PRIORITY ISSUES IDENTIFIED BY THE STRATEGIC PLANNING COMMITTEE (EXHIBIT 4-1)

- Revenue enhancement can be accomplished through fare policies, marketing or increased subsidy.
- Ridership may be increased by changing fare policy, services or marketing.
- Costs may be contained through efficiencies (productivity improvement) or service changes.
- As Exhibit 4-1 indicates, the ten key issues affect/are affected by the options available.
- This cross-referencing of issues and options defines the "levers" that can be used to execute the mission statement.

EXHIBIT 4-2
RTA STRATEGIC PLAN AND CAPITAL INVESTMENT PLAN

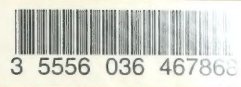
OPTION EVALUATION SYSTEM



4.2 Goal Setting . . . Option Evaluation System

EXHIBIT 4-2 REPRESENTS A TECHNIQUE FOR ASSESSING THE DESIRABILITY AND PRIORITY FOR EVALUATING OPTIONS/INVESTMENTS TO ADDRESS THE RTA MISSION

- Options are first analyzed for net financial impact including:
 - Net present value of any capital expenditures required;
 - Operating savings/costs involved; and
 - Net revenue impact.
- The second dimension is a benefit scale estimating the impact of the investment/project/program on ridership.
- Options can then be arrayed on the matrix to decide priorities:
 - The upper right-hand quadrant would include programs that have net positive financial impact and positive benefits -
 - they represent the highest priority.
 - Conversely, the lower left quadrant would highlight programs that should probably not be implemented.
 - Programs in the upper portion of the lower right quadrant would be viewed as investments in growth or response to social needs (e.g., elderly/handicapped services).
 - The upper portion of the top left quadrant are programs that have some negative "benefits" but positive financial impact.
- The "slope" of the dashed line would depend on availability of funds and requirements for farebox recovery ratios.



DEMCO

